

Wednesday
28th April, 1954



PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

(Part I—Questions and Answers)

VOLUME III, 1954

(28th April, 1954 to 21st May, 1954)

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THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

Date 9/12/2014

2353

2354

HOUSE OF THE PEOPLE

Wednesday, 28th April, 1954.

*The House met at a Quarter Past
Eight of the Clock*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

FIRE ADVISER IN MINISTRY OF DEFENCE

*2090. **Sardar Hukam Singh:** (a) Will the Minister of Defence be pleased to state the number of persons trained so far for the fire brigade personnel of the Defence Organisations?

(b) Is it proposed to continue the training or has sufficient number been trained by now for our requirements?

(c) Has the "Fire Adviser" any specific duties besides helping to train these men for fire brigades?

The Deputy Minister of Defence (Sardar Majithia): (a) 377.

(b) Approximately 300 more have yet to be trained. It is also necessary to have advanced and refresher courses for those already trained.

(c) Yes. He is required to—

(i) advise the three Services and the Director General of Ordnance Factories on all matters connected with fire prevention and fire fighting arrangements and equipment;

(ii) inspect Defence Installations for advising on questions relating to fire risk; and

120 P.S.D.

(iii) attend investigations or Courts of Enquiry regarding outbreaks of fire in these Installations.

Sardar Hukam Singh: What is the number of courses held so far?

Sardar Majithia: Twelve.

Sardar Hukam Singh: Are these trainees drawn from the various units and after training sent back to their centres or is there a separate unit raised for this fire-fighting organisation?

Sardar Majithia: These trainees are drawn from the ordnance factories and the Army. After they get their training, they go back to their respective units and there they organise the various fire fighting stations. In case their particular unit is not at a place where they are needed, they are put in another station because fire-fighting is organised on a station basis and also on a unit basis. They go back to their respective places where they can be utilised to the best advantage.

Shri Joachim Alva: Is the aspect of fire-fighting emphasised in the protection of our Navy and also the military planes?

Sardar Majithia: I have not grasped what the hon. Member has in his mind. In case he wants information whether we have fire-fighting installations in the naval units and also in our Air Force, we certainly have them.

JOURNALISM

*2091. **Shri S. N. Das:** Will the Minister of Education be pleased to state:

(a) the names of such of the universities and other institutions in

which there is provision for the teaching of and research in journalism; and

(b) whether any of these universities or institutions receive any specific grant from the Central Government for the purpose?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):

(a) Provision for the teaching of Journalism exists in the Universities of Punjab, Nagpur, Madras, Calcutta and Mysore. Facilities for research in Journalism are not available in any University or institution in India.

(b) No.

Shri S. N. Das: May I know whether, in the universities where teaching of journalism is going on this subject taught in the regional languages or in other languages?

Dr. M. M. Das: These courses are in the different universities and so I presume that the medium of instruction is the same as the language which is the medium of instruction in those universities.

Shri S. N. Das: May I know whether any of these universities have sought for any aid from the Central Government and if so, which of the Universities, and whether any aid has been given to them?

Dr. M. M. Das: No aid has been given to any of these universities for this particular purpose.

Shri Heda: May I know whether the Government or any of these universities are contemplating to give some facilities so that the present journalists can take these courses and obtain degrees while attending to their own profession?

Dr. M. M. Das: There is no such proposal at present.

Shri L. N. Mishra: May I know whether the course and the duration of the study of journalism are on a uniform basis in all the universities or whether they differ from university to university?

Dr. M. M. Das: They differ from university to university. Some universities have post-matric courses; some of them have post-graduate courses.

PLURAL MARRIAGES

***2092. Shri Dabhi:** Will the Minister of Home Affairs be pleased to state whether Government intend issuing any circular to the Government Employees advising them not to marry again during the life time of their former wives?

The Minister of Home Affairs and States (Dr. Katju): The question of prohibiting government servants who have a wife living.....

Some Hon. Members: We do not hear.

An. Hon. Member: Secret answer?

Mr. Speaker: Order. order. A little more loudly, please.

Dr. Katju: This is the first time that I have been pulled up on this account. To continue, the question of prohibiting government servants who have a wife living from marrying again without first obtaining Government's permission is under active consideration. The proposal is that provision to this effect be made in the rules regulating their conduct.

Shri Dabhi: May I know whether Government would support a pending Bill on the same subject in the Parliament viz. monogamy?

Dr. Katju: There is a proposal to that effect. Whether a Bill could be introduced in the next session, I do not know.

Shri Dabhi: My question is, it has already been introduced in this very House and it is pending; I want to know whether Government would support this Bill pending in the Parliament.

Dr. Katju: I am unable to say anything, of course.

Shri V. P. Nayar: May I know whether it is not a fact that one of the top officials, a Joint Secretary of the

Government, contracted a plural marriage recently inspite of protest by his first wife to the higher authorities?

Mr. Speaker: Order, order. Let us not go into these things. We are not concerned with individual cases.

Shri V. P. Nayar: That was the object of my question.

श्री एम० एल० द्विवेदी : मैं यह जानना चाहता हूँ कि क्या किसी सरकारी अफसर ने इस किस्म की शादी की है, और सरकार ने उस पर कोई प्रतिबन्ध लगाया है, या उस पर कोई ऐक्शन लिया है।

डा० काटजू : यह बहुत ही नामुनासिब होगा कि यहां पर व्यक्तिगत बहस की जाय। यह बिल्कुल ही पर्सनल बातें हैं।

Shri Punnoose: May I ask a question?

Mr. Speaker: The question is under active consideration. We will go to the next question.

ADVISORY COUNCIL FOR ANDAMAN ISLANDS

***2093. Shri S. C. Samanta:** Will the Minister of Home Affairs be pleased to state:

(a) the names of the Members of the present Advisory Council for the Andaman Islands;

(b) whether it is a fact that a representation was made to the effect that instead of nominating all Members to the Council at least some of them should be elected by the people there; and

(c) if so, what are the reactions of the Government in the matter?

The Minister of Home Affairs and States (Dr. Katju): (a) The following gentlemen are the members of the present Advisory Council for the Andaman Islands:

- (1) Shri Bal Krishna Gupta.
- (2) Shri Rama Krishna.
- (3) Shri Uma Pershad.

(4) Shri Lachman Singh.

(5) Shri Ghulam Mohammed.

(b) Yes.

(c) Government decided that the present arrangement of nominating Members to the Advisory Council of the Chief Commissioner for the Andamans should continue.

Shri S. C. Samanta: With reference to part (a) of the question, may I know whether it is not a fact that the Delimitation Commission is going to give no representation to the House of the People in the future?

Mr. Speaker: How does it arise? I am not clear as to how it arises here.

Shri S. C. Samanta: My contention is this. I asked about non-official representation. There is only one-official; that is, one person has been nominated to this House. If that also goes, I want to know whether the Government will consider about representation in the House.

Mr. Speaker: The hon. Member is referring to the Advisory Council for the Andaman Islands?

Shri S. C. Samanta: Yes.

Mr. Speaker: It is not clear to me as to what he wants.

Shri S. C. Samanta: My contention is that some persons should be elected to the Advisory Council. Now, as it stands, there is representation from the Andamans and Nicobar Islands only in the House of the People. If that goes, I want to know whether the Government will consider about representation there at least.

Dr. Katju: This question will depend entirely upon the consideration of the report of the Delimitation Commission. I respectfully submit that this is a matter of Constitution whether he should be a nominated individual or whether he should be an elected individual. Hon. Members will remember that the Andaman Islands, as the map would show, are scattered in area.

Shri Sadhan Gupta: May I know the reasons why the representation of the people that there should be elected

advisers was not taken into consideration by the Government?

Dr. Katju: The reason is that at present most of the population is concentrated in Port Blair, and the population is roughly about 20,000. The Chief Commissioner lives among them. We have just started this Advisory Council in Port Blair. It has been in existence for two or three years. And hon. Members know that these municipal elections in India also lead to great factionalism and all that, and we thought that the Chief Commissioner being there, at least in the beginning we might have the Advisory Council. They have no executive functions. It is purely advisory. Let us see how the experiment works.

DISPLACED PERSONS FROM POONCH

*2094. **Shri D. C. Sharma:** (a) Will the Minister of States be pleased to state whether Government have sanctioned any loan for rehabilitating displaced families of Poonch?

(b) If so, what is the amount?

(c) How is it going to be spent?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) Four and a half lakhs will be loaned to the Jammu and Kashmir Government.

(c) The amount is to be utilised by the Jammu and Kashmir Government in giving rehabilitation loans to about 900 families displaced from Pakistan occupied parts of Poonch when they have moved to the lands allotted to them.

Shri D. C. Sharma: May I know if the total number of families that have been displaced is only 900 or more?

Dr. Katju: We have now received further applications for a further sum of Rs. 50,000 but as to the number of actual families who have moved, I am unable to give that information.

Shri D. C. Sharma: May I know if it is the policy of the Government to settle them only on land or also to

give them a start so far as business is concerned?

Dr. Katju: At present the Joint Rehabilitation Board is concentrating on giving them land, but I am unable to answer the other question.

Shri D. C. Sharma: May I know if the Government is going to set apart a sum of money for granting loans for the education of the children of these families?

Dr. Katju: That suggestion will be considered carefully by my hon. friend, the Minister for Rehabilitation.

Th. Lakshman Singh Charak: May I know if this sum of Rs. 4,50,000 mentioned by the Home Minister is meant only for Poonch or also for Mirpur and Muzaffarabad?

Dr. Katju: So far as I know, it is intended for Poonch. As to what the designation "Poonch" means, whether it covers the area...

Th. Lakshman Singh Charak: It does not.

Dr. Katju: If it does not, it does not.

Th. Lakshman Singh Charak: Is it not a fact that the areas of Muzaffarabad and Mirpur are also under the enemy, and therefore the refugees from that area should be treated in the same manner as others from Poonch.

Dr. Katju: I shall consider that.

छावनी बोर्डों का सम्मेलन

*२०९७. श्री भक्त वर्मान : क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार ने हाल ही में भारत के विभिन्न छावनी बोर्डों के प्रतिनिधियों को परामर्श के लिये बुलाया था; और

(ख) यदि हां, तो कौन कौन से मुख्य विषयों पर बातचीत हुई और क्या कोई निर्णय किए गए ?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes.

(b) The main subjects discussed were—

(1) Question of delegation of powers of the Cantonment Boards under different sections of the Cantonments Act, 1924, to Civil Area Committees in respect of the civil areas notified under section 43-A of the Act.

(2) Progress made in regard to excision of certain areas from different Cantonments as recommended by the Central Committee on Cantonments.

(3) Problems relating to lands in civil areas.

A free and frank exchange of views took place on the subjects mentioned above but no decisions were taken as the conference had been conveyed merely with the object of ascertaining first-hand views of the civilian residents of Cantonments on the various points.

श्री भवत दर्शन : क्या मैं जान सकता हूँ कि इस कानफरेंस ने जो सिफारिशें की हैं और इस में जो विचार प्रकट किये गये हैं उन पर गवर्नमेंट कब तक अपना निर्णय देगी ?

Sardar Majithia: The discussion ranged over very wide subjects. It also involved the financial aspect as well, and therefore it is quite a complicated issue, and I think it would take quite some time before all the problems are sorted out. Besides, we asked the various representatives to give us complete suggestions of what they really want because in this conference they apparently could not give us those suggestions. As soon as those suggestions are received, we shall certainly consider them.

श्री भवत दर्शन : क्या यह सत्य है कि अनेक कैंटोनमेंट बोर्डों के प्रतिनिधियों का एक शिष्टमंडल माननीय मंत्री जी को मिला और उन्होंने ने इस बात का अनुरोध किया कि कैंटोनमेंट बोर्डों का पूरा प्रजातंत्रीकरण कर दिया जाय, फुल डिमोक्रेटाइजेशन कर

दिया जाय ? इस बारे में गवर्नमेंट ने क्या निर्णय किया है ?

Sardar Majithia: This was one of the questions which were discussed, but unfortunately the whole lot were not unanimous in their recommendations, and therefore we are still considering what should be done.

Dr. Ram Subbag Singh: May I know whether the Government asked for the suggestions of those representatives in advance before coming to that meeting, or did the Government ask them to submit their suggestions only at that meeting?

Sardar Majithia: No, Sir. It was given out what the subject under discussion would be. No concrete suggestions were asked at that time. Obviously it was anticipated that they would come out with certain concrete suggestions.

TRAINING IN ARCHIVES

***2098. Shri Ganpati Ram:** Will the Minister of Education be pleased to state:

(a) the number of candidates trained so far in Archives keeping; and

(b) the number of trained candidates absorbed in the services?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):

(a) The number of candidates trained in the National Archives of India is 33 in long term course and 104 in short term course.

(b) According to information available six candidates have been absorbed.

श्री गणपति राम : क्या मैं जान सकता हूँ कि इस ट्रेनिंग पर कितना रुपया व्यया किया गया और प्रत्येक राज्य से कितने ट्रेनीज को ट्रेनिंग दी गयी ?

Dr. M. M. Das: This teaching department is maintained by the National Archives of India. So, the expenditure comes under the expenditure of that Department.

श्री गणपति राम : क्या मैं जान सकता हूँ कि इन उम्मीदवारों में शिड्यूल्ड कास्ट के कितने कैंडिडेट थे और उनके लिये मिनिमम क्वालिफिकेशन क्या रखी गयी थी ?

Dr. M. M. Das: There is no separate qualification determined for the admission of the Scheduled Caste candidates. There are two courses. One is post-graduate diploma course, open to all candidates, preferably M.A. in Modern Indian History, or History Hons. graduates with Modern Indian History as one of their special papers. Preference is given to candidates deputed by State Governments, universities, educational institutions etc.

Shri Sadhan Gupta: How many of the six candidates absorbed were given long-term training and how many of them short-term training?

Dr. M. M. Das: Out of the 33 candidates who have passed the long-term course, six candidates have been absorbed—five under the National Archives of India and one under the U.P. Government. We have got no information about the rest of the candidates. So far as the short-term course is concerned, only employees of the State Governments and Central Government are allowed to take part.

आय-कर (बनारस)

*२०९९. **श्री रूप नारायण :** क्या बिस्स मंत्री यह बताने की कृपा करेंगे कि :

(क) पिछले पांच वर्षों में प्रति वर्ष बनारस जिले से कितना आय-कर प्राप्त हुआ ; और

(ख) इसी काल में इस जिले के तम्बाकू व्यापारियों से प्रति वर्ष औसत से कितना आय-कर प्राप्त हुआ ?

The Deputy Minister of Finance (Shri M. C. Shah): (a) The amount of

income-tax realised from Banaras District year-wise during the last five years is:

1949-50 Rs. 18,84,820.

1950-51 Rs. 23,68,053.

1951-52 Rs. 45,12,275.

1952-53 Rs. 30,48,880.

1953-54 Rs. 17,10,500.

(b) The average annual amount of income-tax realised from tobacco merchants of the District during this period is Rs. 1,16,135.

श्री रूप नारायण : क्या मैं जान सकता हूँ कि अभी तक कितना इनकमटैक्स वसूल नहीं हुआ है और कितने सालों से ?

Shri M. C. Shah: I cannot give those figures, because...

Mr. Speaker: The hon. Member may table a separate question.

श्री रूप नारायण : क्या मैं जान सकता हूँ कि बनारस का इनकमटैक्स देने में कौनसा नम्बर है ?

Shri M. C. Shah: I do not have district-wise figures for the whole State. If he wants them, then he must give me notice of a separate question.

Dr. Rama Rao: May I know how much of this income-tax has been realised as a result of the efforts of the Income-tax Investigation Commission?

Shri M. C. Shah: There is another specific question with regard to the Income-tax Investigation Commission. Perhaps, the hon. Member is referring to that. I can give those figures. The amount of income-tax assessed is Rs. 25.80 crores, and the amount already realised is Rs. 9.62 crores.

Mr. Speaker: Does this refer to Banaras District?

Shri M. C. Shah: He is referring to the Income-tax Investigation Commission.

Mr. Speaker: The hon. Member's question is how much of this tax has been realised from Banaras District, as a result of the effort of the Income-tax Investigation Commission.

Shri M. C. Shah: I have not got those figures with me now.

Shri Altekar: May I know the reasons why so small a sum was recovered in 1953-54?

Shri M. C. Shah: In 1951-52, there was a drive to clear off all the arrears, and therefore we got a higher sum. In 1953-54, the smaller sum may be due to lesser profits.

Shri Ganpati Ram: May I know the total number of tax-payers?

Mr. Speaker: Order, order. Next question.

HINDUSTANI CULTURE SOCIETY, ALLAHABAD

*2101. **Shri M. L. Agrawal:** Will the Minister of Education be pleased to state:

(a) whether Government have been subsidizing a Monthly Magazine published under the auspices of the Hindustani Culture Society of Allahabad;

(b) if so, since when; and

(c) the amounts paid every year from the beginning up-to-date?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) No subsidy has been given to the monthly magazine published by the Hindustani Culture Society.

(b) and (c). Do not arise.

श्री एम० एल० द्विवेदी : मैं यह जानना चाहता हूँ कि इस सोसाइटी को सरकार ने कौन कौन सी ग्रांट्स दी हैं और किस २ काम के लिये दी हैं ?

Dr. M. M. Das: During the years 1946-1951, we have paid to this Society, a sum of Rs. 1,12,000, for their publication programme.

Shri S. N. Das: May I know whether at the time of asking for the grant, this organisation has specified the objects for which it wanted the grant?

Dr. M. M. Das: Before the grants are sanctioned, some important information regarding the organisation are sought for by the Department, and unless those informations are received, no grant is sanctioned.

श्री भागवत झा आज़ाद : मैं यह जानना चाहता हूँ कि जो अभी आपने बताया कि एक खास स्पेसिफिक परपज के लिये यह एक लाख और कुछ हजार रुपये की ग्रांट दी गई है, तो वह कौन से स्पेसिफिक परपज थे ?

Dr. M. M. Das: There was no specific purpose for the Rs. 1,12,000, which I have mentioned. These grants-in-aid were given for the implementation of their publication programme.

Several Hon. Members rose—

Mr. Speaker: Let us go to the next question.

INCOME-TAX INVESTIGATION COMMISSION

*2102. **Dr. Rama Rao:** (a) Will the Minister of Finance be pleased to state how many individuals or firms have been prosecuted for the "production of false evidence on a large scale" in connection with the work of the Income-tax Investigation Commission upto the end of 1953?

(b) How many have been convicted?

(c) What is the assessed and collected tax on the total hidden amount discovered upto 31st March, 1954?

(d) What is the assessed and collected tax from cases which the Commission investigated by its own reference under Section 5(4) upto the 31st March, 1954?

The Deputy Minister of Finance (Shri M. C. Shah): (a) None.

(b) Does not arise.

(c) Figures upto the end of March 1954 are not yet available. Those upto end of February 1954 are Rs. 25.80 crores and Rs. 9.62 crores respectively.

(d) Figures are not immediately available, and if necessary, will be placed on the table of the House.

Dr. Rama Rao: May I know why Government are showing special leniency to these tax-evaders, by allowing them to pay in easy instalments?

Mr. Speaker: Order, order. The hon. Member has not put the question in a proper manner. He may repeat the question in a proper manner.

Dr. Rama Rao: Is it a fact that Government have allowed these gentlemen to pay in easy instalments?

Shri M. C. Shah: The Income-tax Investigation Commission themselves recommend payment in instalments, considering various other factors. They have also recommended to the Central Board of Revenue to take into consideration such facts as the assessee's present ability to pay, the nature of security offered against the demand raised, the present earning capacity, the minimum liability on account of household expenses, taxes etc. These factors are taken into consideration, and then instalments are allowed. Normally, the instalments are only for six years, but in some cases, the figure has gone up to nine years also.

Dr. Rama Rao: Government referred a large number of cases to this Commission in the beginning. Have any new cases been referred to them since then?

Shri M. C. Shah: Under the Act, Government cannot refer any new cases, after a particular date, possibly somewhere in 1948. But there is a section in the Act itself which provides that in the course of investigation, if the Commission come to the conclusion that there is some other subsidiary case, which should be referred to, they can refer to that.

Shri Bogawat: Is it a fact that the income-tax Investigation Commission

have failed, because they have no power to attach the accounts of the assessee, and therefore, there have been many evasions due to this defect?

Mr. Speaker: I think so far as powers are concerned, it is a question of interpretation of law.

Shri Punnoose: May we have an idea of the number of people, individuals as well as firms, who have produced false evidence, and are still producing false evidence? May I also know why they have not been prosecuted?

Mr. Speaker: I think the hon. Minister has already replied in the negative to part (a) of the question.

Shri Punnoose: He has only said that no prosecutions have been launched.

Shri M. C. Shah: Therefore, part (b) does not arise.

Mr. Speaker: My impression is that he has already replied, none, in regard to part (a) of the question.

Shri M. C. Shah: I have already said, none, in answer to part (a) of the question.

Shri Punnoose: The hon. Minister has only said that no prosecution has been launched. He has not said that there has been no instance of the production of false evidence.

Shri M. C. Shah: There were instances of false evidence, and according to the recommendation of the Income-tax Investigation Commission, they have been imposed very heavy penalties.

DISPLACED GOVERNMENT OFFICERS

*2104. **Shri Gidwani:** (a) Will the Minister of Home Affairs be pleased to state the total number of displaced Government officers who have been declared superannuated during 1953-54 uptill 31st March, 1954;

(b) In how many cases have extensions been granted or re-employment given to such officers?

The Minister of Home Affairs and States (Dr. Katju): (a) Information regarding the total number of Displaced Government officers who superannuated during the year 1953-54 is being collected and will be laid on the table of the House.

(b) 77.

Shri Gidwani: Are Government aware that in the Ministry of Works, Housing and Supply, two displaced Superintending Engineers were made to retire without their pension being sanctioned—and it has not been sanctioned so far—and at the same time, the same Ministry has given a long extension to a number of non-displaced officers of similar status, who could get their pension immediately on retirement?

Dr. Katju: I require notice.

Shri Gidwani: Will Government therefore enquire whether the orders of Government on this matter are being carried out by the Ministry of Works, Housing and Supply?

Dr. Katju: I shall certainly do so.

RADIO-ACTIVE DUST

***2107. Shri Nageshwar Prasad Sinha:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether the reports appearing in a section of the Press, specially in the *Statesman* dated the 13th April are true that radio-active dust has been found on the tops of buildings in a certain locality in Calcutta or near-about after the explosion of Hydrogen Bomb in the Pacific recently;

(b) if so, what are the details; and

(c) what harm has been or is likely to be caused by the dust?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) No. Sir.

(b) and (c). Do not arise.

I might add with your permission, that a news item appeared in *The Statesman* of Calcutta, some time on the 13th April 1954, that radio-active dust was collected in Calcutta, by the Institute of Nuclear Physics. As a matter of fact, this radio-active dust was collected not from the house-tops, but from the planes that were flying either from Singapore to Calcutta, or from Saigon to Calcutta. These radio-active rays are not of any harmful effect, and normally their intensity is not more than two to five times that of the cosmic rays that usually fall on our bodies, from the sun. So, there is nothing to worry about.

Shri Raghunath Singh: Have they been examined?

Shri Nageshwar Prasad Sinha: May I know whether the harmful effects of the explosions have exhausted themselves, or whether, dangers are still apprehended?

Shri K. D. Malaviya: We cannot say anything about it. The information given by the Institute of Nuclear Physics is what I have just now read out. They assume that these beta ray—radio-active particles—charged dust which have been collected from the wings of aeroplanes—originated from the hydrogen bomb tests.

Shrimati Renu Chakravartty: Have our scientists any information as to the amount of radio activity which will be harmful, and what will be the distance within which such tests from our country would harm us?

Shri K. D. Malaviya: There is some literature on this in which the scientists have indicated the limits within which radio-active rays can be harmful. I cannot answer that question definitely without referring to the books.

Shri C. R. Narasimhan: May I know what precautions have been taken against possible danger to life and property in this country arising out of future explosions of this sort?

Shri K. D. Malaviya: I do not think there is any danger in the immediate future.

CONFERENCE OF CHIEF SECRETARIES

***2108. Shri Raghuramaiah:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that a conference of Chief Secretaries of State Governments has recently concluded; and

(b) if so, what decisions have been arrived at in this conference?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes. A Conference of Chief Secretaries of all Part 'A' and Part 'B' States (except Jammu and Kashmir) and Vindhya Pradesh was held from the 12th to the 16th April, 1954.

(b) The Conference was called to obtain the final views of the State Governments on the draft Rules and Regulations governing the conditions of service of members of the All-India Services. These Rules will now be finalised in the light of the discussions at the Conference and promulgated. They will thereafter be placed before Parliament as required by the All-India Services Act, 1951.

Shri Raghuramaiah: May I know whether one of the subjects discussed was about a common code enforcing uniformity in respect of the pay and allowances of all classes of All-India Services?

Dr. Katju: That was one of the subjects discussed. I may add here that the number of rules of all varieties which were discussed was 27.

Shri C. K. Nair: May I know why Part C State Secretaries were not included in this Conference?

Dr. Katju: Part C States have no cadres of their own. They exist and subsist on loaned officers.

SHORT SERVICE REGULAR COMMISSION OFFICERS

***2109. Sardar Hukam Singh:** Will the Minister of Defence be pleased to state:

(a) whether any Short Service Regular Commission officers in the Directorate-General of Medical Services have

completed their Short Service Commissions during 1953-54 and were discharged from service; and

(b) whether any State has refused to grant age concessions for recruitment to the civil medical services in favour of such officers?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes, Sir. During 1953-54, 55 Short Service Regular Commissioned Officers in the Army Medical Corps have been released from service.

(b) No, Sir.

Sardar Hukam Singh: What was the longest term for which any of these officers served in the Army?

Sardar Majithia: Short service commission is normally for three years extendable up to a maximum of seven years.

Sardar Hukam Singh: Did the Defence Ministry in any other way help these officers to get employment in some departments beyond addressing the State Governments to grant them age concessions?

Sardar Majithia: That does not arise because the only bar standing in their way was the age, and all the States agreed to relax this age-limit. In certain cases, the age-limit was not exceeded. Therefore, they took their chance and if they were found suitable, they must have been taken in.

Sardar Hukam Singh: Have Government any information as to what percentage out of these persons released from the Army could find employment in civil departments?

Sardar Majithia: No, Sir. We have not got the figures.

UNIVERSITY EDUCATION COMMISSION

***2110. Shri S. N. Das:** Will the Minister of Education be pleased to state:

(a) whether the Committee appointed to survey the progress made in the implementation of the recommendations of the University Education Commission has completed its work;

(b) if not, whether they have submitted any interim report; and

(c) if so, the important points that have emerged from the report?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) Yes, Sir.

(b) Does not arise.

(c) A copy of the Report is laid on the Table of the House. [Placed in the Library. See No. S-135/54].

Shri S. N. Das: May I know what part the Central Government will play in the field of finance and in other fields to implement the suggestions made by this Committee?

Dr. M. M. Das: The University Grants Commission has taken up this matter. The University Grants Commission has accepted a proposal for securing a basic scale of pay of Rs. 800—1250 for University Professors and Rs. 250—500 for University Lecturers in all Indian universities. The financial implication of this proposal will be an annual extra expenditure of Rs. 10 (ten) lakhs excluding the Universities of Mysore, Travancore, Vishwa-Bharati and SNDT Women's University, Bombay. This proposal has been taken up for consultation and discussion with the Finance Ministry.

Shri S. N. Das: May I know whether the Central Government have considered the report, and if so, which of these items suggested by this Sub-Committee have been considered and what amount of aid will be given to the various universities in implementation of the recommendations.

شکشا، پراکرتک سلسلہ میں تنہا

ویکھانک انوسلڈھان ملتیری - (مولانا آزاد):

گورنمنٹ نے رپورٹ بر فور کیا ہے۔ لیکن

چونکہ اب جہاں تک یونیورسٹیوں کا

تعلق ہے گورنمنٹ آف انڈیا کے کام کا اب

تملک یہ ہو گیا ہے کہ وہ ان کے

معاملوں کو یونیورسٹی گرانٹ کمیشن

کے سپرد کر رہی ہے - چنانچہ کمیشن

کو سپرد کر دیا گیا ہے - وہ اس پر فور

کر رہا ہے اور ضروری کارروائی کی طرف

قدم ڈھا رہا ہے

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** The Government of India have considered the report. But so far as the Universities are concerned, the procedure of Government of India is to refer such cases to the Commission, therefore, it has been referred to the Commission. The Commission is considering it and taking necessary steps.]

آئی एस۔ این۔ ڈاس: کیا میں جان سکتا

ہوں کہ ابھی تک یونیورسٹی گرانٹس کمیشن

نے ان میں سے کسی بات پر اپنا کوئی فیصلہ

کیا ہے؟

مولانا آزاد: ہاں کیا ہے - لیکن

ابھی کچھ تفصیل کی باتیں باقی ہیں۔

[**Maulana Azad:** Yes, but some of its details have not been worked out.]

آئی एस۔ این۔ ڈاس: کیا ماننیہ منتری

مہودے یہ بتلانے کی کڑا کریں گے کہ ان

باتوں کے معاملے میں جین کا سبب سے کتنی

ایجوکیشن کمیشن سے ہے، اس کمیٹی نے کیا کیا

ہے؟

Dr. M. M. Das: So far, as the Secondary Education Commission's Report is concerned, the Central Advisory Board of Education's report was under consideration of the Central Government. Now the Ministry has worked out a detailed scheme for implementation of the recommendations which have the highest priority. Their approximate financial implications for the Central as well as State Governments have also been worked out. The memorandum is now before the Planning Commission which has to discuss

it on 28th April 1954, i.e. today. As soon as funds are sanctioned, the actual work of implementation will be taken in hand.

Shri Dabhi: May I know whether any steps have been taken to implement the recommendation of the University Education Commission that a few minutes' silence should be observed in all educational institutions before the classes for the day begin.

Dr. M. M. Das: The report is on the Table. The hon. Member may read it.

तम्बाकू पर उत्पादन शुल्क

*२११२. श्री रूप नारायण : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि बनारस जिले से पिछले पांच वर्षों में प्रति वर्ष तम्बाकू पर कितना उत्पादन शुल्क प्राप्त हुआ ?

The Deputy Minister of Finance (Shri A. C. Guha): A statement showing the available information regarding the amount of excise duty collected on tobacco in the Banaras District is laid on the Table of the House. [See Appendix IX, annexure No. 8.]

I would like to say that figures for 1949-50 are not available.

श्री रूप नारायण : क्या मैं जान सकता हूँ तम्बाकू के उत्पादन पर किसानों को अपने निजी इस्तेमाल के लिये कोई छूट दी जाती है या नहीं, यदि दी जाती है तो बनारस में ऐसा है या नहीं, और है तो कितनी ?

Shri A. C. Guha: For family consumption, a certain quantity is exempted from the duty. Throughout India that is the practice, and that is also observed in Banaras district.

श्री रूप नारायण : क्या मैं यह जान सकता हूँ कि शुल्क के रयिलाइज करने में कौनसा तरीका इस्तेमाल किया जाता है। यह भूमी की दरिया पर किया जाता है या उत्पादन पर ?

Shri A. C. Guha: Exemption is given according to the local habits of the people.....

Mr. Speaker: He wants to know the mode of collection of the tax.

Shri A. C. Guha: That is on the actual production of tobacco.

सेठ अचल सिंह : क्या मंत्री महोदय यह बताने की कृपा करेंगे कि जो काश्तकार तम्बाकू पैदा करते हैं वह निजी इस्तेमाल के लिये कितनी रख सकते हैं ?

Shri A. C. Guha: That varies from area to area. I have not got the figure for Banaras district. It varies from 99th lbs. upwards to 25th lbs.—from area to area according to the habits of the people.

DISPLACED GOVERNMENT OFFICERS

*2114. **Shri Gidwani:** Will the Minister of Home Affairs be pleased to state:

(a) what is the total number of displaced Government officers who have been made to retire since 1948 but have not so far received provisional pension; and

(b) the reasons therefor?

The Minister of Home Affairs and States (Dr. Katju): (a) and (b). Information is being collected and will be placed on the Table of the House in due course. I may say this is in very close connection with the question which I have already answered.

Shri Gidwani: What is it that is delaying payment of provisional pension to them though the decision regarding such pension was taken on 31st January 1953?

Dr. Katju: My hon. friend's voice is drowned by the paper which he holds before him, when reading.

Shri Gidwani: I will ask the question as loudly as possible. What is it which is delaying the payment of provisional pensions to them, though the decision

regarding such pensions was taken on 31st January, 1953?

Dr. Katju: Before answering the question, I might say that the hon. Member does not 'ask' but 'speak' the question.

Mr. Speaker: Order, order. The hon. Minister should address the Chair.

Dr. Katju: I am very sorry. The delay is being caused by a discussion of this question about pensions with Pakistan. We are most anxious to diminish and lessen any difficulties to displaced servants by whatever we can do. We are hastening up the matter.

Shri Gidwani: Will the Government expedite the disposal?

Dr. Katju: I shall do my best. You can take it from me.

TOBACCO DUTIES (PUNJAB)

*2115. **Shri D. C. Sharma:** Will the Minister of Finance be pleased to state:

(a) the total income during 1952-53 from tobacco excise duties from the Punjab; and

(b) the expenditure over the administrative arrangement in that area for the collection of the excise duties?

The Deputy Minister of Finance (Shri A. C. Guha): (a) and (b). The amount collected from Central Excise Duty on Tobacco in the State of Punjab during the year 1952-53 was Rs. 34.06 lakhs, and the expenditure over the administrative arrangements connected therewith was Rs. 6.53 lakhs.

Shri D. C. Sharma: When it is said that administrative expenditure on certain things is about 10 per cent. only of the revenue concerned, may I know why the ratio of expenditure in this case is about 20 per cent?

Shri A. C. Guha: Punjab is a sparsely-grown tobacco area. It is not a heavily-grown tobacco area just as Guntur or Anand, and so, expenditure is somewhat higher there than in other areas.

Shri D. C. Sharma: Is it not a fact that the number of officers who deal

with this problem is so large that every kind of effort is made to add to the revenue which accrues from this source?

Shri A. C. Guha: The number of officers apparently must be higher in proportion to the revenue collected. It is because the areas are widely spread over and cultivations are not concentrated in any place. Throughout the province, small patches of land are under tobacco cultivation, and so, we have to keep a large number of officers. If the hon. Member suggests that whether there is any scope for reducing the number of officers I can only say that we shall examine the matter afresh.

Shri D. C. Sharma: May I know if the hon. Minister received any representation from the tobacco growers of the Punjab and from the tobacco growers of Hoshiarpur district in particular, about the administration of this particular item?

Shri A. C. Guha: The Central excise duty on tobacco, really speaking, is a troublesome thing. We have been receiving representations from throughout the country on so many occasions. I am not sure whether we got any representation from Hoshiarpur district. It might have been received.

GOVERNMENT EMPLOYEES INVOLVED IN SUBVERSIVE ACTIVITIES

*2116. **Sardar Hukam Singh:** Will the Minister of Home Affairs be pleased to state:

(a) whether any cases of Government employees indulging in or associating with subversive activities were dealt with during 1953-54; and

(b) if so, what was the number of cases and the punishment awarded?

The Minister of Home Affairs, and States (Dr. Katju): (a) 85 Government employees were proceeded against in 1953-54 for alleged subversive activities or association with such activities.

(b) Four of these employees were retired compulsorily, nineteen cases were dropped and the remaining sixty-two cases are still pending.

Sardar Hukam Singh: What are the chief categories under which most of these subversive activities could be classified?

Dr. Katju: This is a description which can need no further specification. It speaks for itself. Subversive activities are activities endeavouring to subvert the Constitution, to subvert the integrity of India.

Mr. Speaker: What he wants to know, to my mind, is whether activities are political, or anti-social or criminal activities.

Dr. Katju: you have answered the question and I am very grateful to you. Subversive activities are really intended to subvert the Constitution, broadly speaking.

Sardar Hukam Singh: How many of them are detained under the National Security Regulations, or, were any of them proceeded against in any regular court of law as well?

Dr. Katju: Government is concerned with its own employees and if the loyalty of any particular individual to the Constitution is doubted, the Government is entitled to take proper safeguards under the Constitution, and after taking proper safeguards, it gives the employees concerned every reasonable opportunity to explain their conduct, before it gets rid of them.

Sardar Hukam Singh: Would the Government find out any special grounds for this increase in the number of cases, while in 1952 we were told that there were only two cases which were dealt with?

Dr. Katju: If the number of cases in 1952 was low and the number of cases in 1953-54 was large, my hon. friend can draw his own inference from that. I may add that we are very careful. There is no intention to victimize any individual. Every government employee is entitled to exercise his rights as a citizen, but subject to that, he must not carry on any political activities to show what his own policies are.

Shrimati Renu Chakravartty: May I know whether, before the government

employees are proceeded against, the Government gives them a charge-sheet, whether it gives them an opportunity to appear before any enquiry committee—any sort of departmental enquiry committee or any machinery like that—before which they appear and put up their case and argue their position?

Dr. Katju: Undoubtedly, if they offer to do that. If he applies for a personal appearance and wants to be heard, then, I imagine that he gets a chance.

Shrimati Renu Chakravartty: Is the charge-sheet also given to him?

Dr. Katju: Of course.

Shri H. N. Mukerjee: Is it a fact that associations with certain organizations for the promotion of friendship with People's China or the Soviet Union or even associations for the development of a people's theatre movement are considered to be tantamount to subversive activities? The Ministry issued a circular some time ago with regard to this, and may I know whether that is being withdrawn or whether it is still in vogue?

Dr. Katju: I would rather not go into the details. There is great difficulty. There are some associations which are masquerading under different and very, very harmless titles. So, we go into the merits of every case rather than into the denominations under which they are working.

Shri H. N. Mukerjee: My question was whether association with certain organizations for the promotion of friendship with People's China is considered to be engaging in subversive activities?

Mr. Speaker: His reply is very clear. There are many associations masquerading under many names.

Shri H. N. Mukerjee: May I take it that in Government's view, associations of a similar sort are masquerading under different names?

Mr. Speaker: Order, order. I do not think so.

**SHARES IN HINDUSTAN AIRCRAFT FACTORY
AND INDIAN TELEPHONE INDUSTRIES**

***2117. Shri S. N. Das:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Mysore Government have requested the Central Government to treat its share capital in the Hindustan Aircraft Factory and the Indian Telephone Industries as preferential share capital at 5 per cent. dividend to be paid annually; and

(b) if so, what action has been taken in the matter?

The Deputy Minister of Finance (Shri M. C. Shah): (a) Yes, Sir. The request refers to the share capital of the Mysore Government in the Hindustan Aircraft only.

(b) The matter is under consideration.

Shri S. N. Das: May I know whether the Mysore Government, in making this request, has indicated the reasons for doing so?

Shri M. C. Shah: Yes, they have indicated certain reasons.

Shri S. N. Das: What are the reasons?

Shri M. C. Shah: The matter is under consideration. One main reason given by the Mysore Government is that this is now a Central responsibility.....

Mr. Speaker: Let there be no talking; it disturbs the whole proceedings.

Dr. Ram Subhag Singh: They are trying to disturb; that is the difficulty.

Mr. Speaker: There is some subdued talk that is being carried on from one bench to the third or the fourth bench even. That is not proper. I have said so many times that it disturbs the proceedings in the House.

Shri M. C. Shah: The Mysore Government contended that in view of the large share of the Central Government, the Central Government derives more benefit indirectly as a shareholder than the Government of Mysore and that the interests of the Mysore Government

are prejudicially affected. That is one of the main reasons.

Shri S. N. Das: May I know whether the Mysore Government have been given any dividend during the period they have invested their money and, if so, what amount?

Shri M. C. Shah: Once a dividend was declared but that was ploughed back as shares. The Government of India got 3,500 shares and the Government of Mysore 1,750 shares.

EQUIPMENT SUPPLIED BY UNESCO

***2100. Shri K. C. Sodhia:** Will the Minister of Education be pleased to state the total value (in rupees) of the equipment supplied to India by the UNESCO during 1953-54?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): Rs. 3,56,104/12/2.

Shri K. C. Sodhia: May I know what was our contribution to the UNESCO during this period?

Dr. M. M. Das: Sir, during the year 1953—the UNESCO year begins with the calendar year—the Government of India paid Rs. 14,78,700 to the UNESCO as India's contribution.

Shri K. C. Sodhia: Do the Government think that they should have from the UNESCO apparatus valued at practically the same amount as they contribute?

Dr. M. M. Das: All that we receive from the UNESCO cannot be measured in terms of money because, in addition to the equipment we receive from the UNESCO experts, fellowships, books and journals etc.

Shri S. C. Samanta: May I know whether all the purchases were made through the UNESCO or by other means?

Dr. M. M. Das: There is no question of purchases being made. These were received by the Indian Government and supplied by UNESCO, as agreed between the Government of India and UNESCO.

Dr. Suresh Chandra: Is it a fact that the number of Indian employees in the UNESCO is much less in proportion to the employees of other countries?

Dr. M. M. Das: I have no information at present at my disposal.

شکشا و پراکرتک سلسلہ میں
ویگیاٹک انوسٹدھان ملتری (مولانا آزاد):
میں اس بارے میں کہہ دوں کہ پچھلے
دو تین برسوں کے اندر شلدوستانیوں
کی تعداد کچھ بڑھی ہے -

[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): In this connection I may say that within the last two or three years the number of Indians has increased.]

NATIONAL RESEARCH DEVELOPMENT CORPORATION

*2113. **Shri K. C. Sodhia:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state whether any of the National Laboratories have so far submitted their inventions to the National Research Development Corporation for exploitation?

(b) If so, which and what is the general nature of these inventions?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Yes, Sir.

(b) A statement giving the required information is laid on the Table of the House. [See Appendix IX, annexure No. 9.]

Shri K. C. Sodhia: At what stage of progress is the investigation about these schemes?

Shri K. D. Malaviya: The National Research Development Corporation has asked for information for all the heads of the research institutions—numbering about 18—requesting them to let us have a preliminary examination of all the work that they have done so far and is ready for exploitation. Out of these 18 research institutions, 14 have replied and we have

received 103 project proposals for examination. They are being examined now and the next meeting of the NRDC will perhaps take certain decisions on some of them.

Dr. M. M. Das: I ask your permission, Sir, to supplement one of the replies that I have given to a supplementary question. Otherwise, that reply of mine will lead to a misrepresentation of facts. It is with regard to question No. 2101, the Hindustani Culture Society of Allahabad.

I have said that Rs. 1,12,000 have been paid to that Society for implementation of their publication programme during the years 1946-47 to 1950-51. In addition to this, we have sanctioned a grant of Rs. 25,000 to the Society during the year 1951-52 to enable it to construct a building of its own. And, again in 1953-54, we also agreed to give a grant of Rs. 60,000 spread over a period of two years to the Hindustani Culture Society, Allahabad, for the preparation of a standard English-Hindi Dictionary on the lines of the Concise Oxford Dictionary of Current English. Two instalments of Rs. 15,000 each have since been paid to the Society during 1953-54 and the balance will be paid during the current financial year.

WRITTEN ANSWERS TO QUESTIONS

IMPERIAL BANK OF INDIA

*2095. **Dr. Krishnaswami:** Will the Minister of Finance be pleased to state the total commission charged by the Imperial Bank of India on Government transactions for the last five years, year-wise?

The Deputy Minister of Finance (Shri A. C. Guha): The commission payable to the Imperial Bank of India which is revised every five years, is based on the actual costs incurred by the Bank and depends on the volume of the turnover on Government account. The rates were revised in 1950-51 and will come up for revision

again in 1955-56. The relevant figures for the last five years are as follows:

	Turnover	Commission
	Rs.	
1948-49	1020,44,84,752	22,03,475
1949-50	1092,12,03,629	22,59,469
1950-51	1118,83,00,650	29,20,047
1951-52	1263,81,45,652	31,01,799
1952-53	1227,46,48,644	32,38,621

SMOKELESS FUEL

***2096. Shri H. G. Vaishnav:** Will the Minister of States be pleased to state:

(a) whether a smokeless fuel named "coalsite" has been produced in the Central Laboratories at Hyderabad;

(b) if so, whether it can be produced on a large scale; and

(c) whether it will be economical for domestic use?

The Minister of Home Affairs and States (Dr. Katju): (a), (b) and (c). Yes; The Hyderabad Government report that their Central Laboratories have acquired and erected a plant for the production of coalsite. The present production is about 18 tons per day and coalsite is reported to be more economical than charcoal and firewood as domestic fuel.

PRAKRIT TEXT SOCIETY

***2105. Shri T. B. Vittal Rao:** (a) Will the Minister of Education be pleased to state what lump sum grant has been given by Government to the Prakrit Text Society?

(b) Who constitute the Board of Management?

(c) For what work was the grant given?

(d) What work has since been done by the Society?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) A grant 120 P.S.D.

of Rs. 10,000 was given to the Prakrit Text Society on an ad-hoc basis in 1952-53.

(b) A statement is laid on the Table of the House. [See Appendix IX, annexure No. 10.]

(c) The grant was given for the general expenses of the Society.

(d) The work, namely, 'ANGA VIJJAA', a Prakrit Text of the 4th Century A.D. has been prepared by the Society during the period (i.e. 1952-54). It is expected to be published by October, 1954.

CULTURAL SCHOLARSHIPS

***2106. Shri N. Sreekantan Nair:** Will the Minister of Education be pleased to state how many scholarships have been awarded to young Indian artists in different cultural fields?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): None so far, Sir if the question relates to the recent scheme of scholarships for young artists.

RECRUITMENT IN THE RESERVE BANK OF INDIA

***2111. Dr. Krishnaswami:** Will the Minister of Finance be pleased to state:

(a) whether there are any rules relating to recruitment and promotions of officers and staff in the Reserve Bank of India; and

(b) if so, whether a statement showing the details of these rules will be laid on the Table of the House?

The Deputy Minister of Finance (Shri A. C. Guha): (a) and (b) Rules relating to appointment and promotions of the officers and staff of the Reserve Bank of India are generally contained in chapters II and III of the Reserve Bank of India (Staff) Regulations, 1948, which have been made by the Bank's Central Board of Directors under the powers vested by section 7 of the Reserve Bank of India Act, 1934. A copy of these Regulations has already been placed in the Parliament Library.

VILLAGE PANCHAYATS IN TRIPURA

450. Shri Dasaratha Deb: Will the Minister of States be pleased to state:

(a) whether a demand has been put forward in Tripura for the introduction of elected village Panchayats; and

(b) if so, what steps Government have taken to introduce them in Tripura?

The Minister of Home Affairs and States (Dr. Katju): (a) No.

(b) The question of establishing Panchayats in Tripura is under examination.

RESETTLEMENT OF RELEASED ARMY PERSONNEL

451. Sardar Hukam Singh: Will the Minister of Defence be pleased to state:

(a) what further area has been brought under cultivation in the nine colonies formed during 1952-53 for the resettlement on land of released army personnel; and

(b) the total army personnel settled on land so far?

The Deputy Minister of Defence (Sardar Majithia): (a) 4197 acres.

(b) 7227 Army personnel have been settled on land so far, of whom 1335 have been settled in the nine colonies referred to in part (a).

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PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

5913

HOUSE OF THE PEOPLE

Wednesday, 28th April, 1954

*The House met at a Quarter Past
Eight of the Clock*

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-07 A.M.

CALLING ATTENTION TO MATTER
OF URGENT PUBLIC IMPORTANCEFIRING BY FRENCH INDIAN POLICE ON
INDIAN UNION SUBJECTS NEAR MAHE

Mr. Speaker: I have received two different notices under Rule 215 calling attention of the Prime Minister in respect of one subject, namely, "the firing by the French Indian Police on a party of Indians proceeding at Chiru Kalia inside the Indian territory on the morning of the 27th April and also the reported repeated violation of Indian territory by the French officials from Mahe."

I am sending them for facts to the Ministry concerned.

MOTION FOR ADJOURNMENT.

FIRING BY FRENCH INDIAN POLICE ON
INDIAN UNION SUBJECTS NEAR MAHE

Mr. Speaker: The other is a notice for the adjournment of the business of the House to discuss a matter of urgent public importance, namely, "the serious situation created as a result

125 P.S.D.

5914

of the action of the French police at Mahe in violating the territorial sovereignty of the Indian Union and opening fire on pro-merger demonstrators in the Indian Union territory on the 27th April, 1954, at Cheru Kalia enclave near Mahe, resulting in the death of Shri P. P. Anandan, an Indian national, and injuries to several others."

The motion is, of course, of an important nature. But, I do not know what facts it would be possible for the House to discuss. I should therefore like to have a verification of these facts and for that purpose I think I should keep over the motion till we get from the hon. Minister a statement in response to the notice under rule 215. After this is got, I would consider whether the motion is to be admitted or not.

Shri Punnoose (Alleppey): Am I to understand that the Minister is not in possession of the facts? This happened on the 27th and he may be able to give us some information now and here.

Mr. Speaker: I do not think it can be done now. There are Press reports and I do not think we can be guided by Press reports. They do say things which are fairly true. But Press reports sometimes give an impression from hearsay. Let us have authoritative information on the matter. The Minister will contact the Indian authorities on that side.

Shri H. N. Mukerjee (Calcutta North-East): May I submit that under rule 77 there are certain restrictions in regard to adjournment motions being admitted. If this motion does not come within the mischief of these

[Shri H. N. Mukerjee]

restrictions, if this motion happens to be in order, our purpose will be served if you admit this motion and, if the Government has no objection, a date may be fixed by which time the authoritative information may be secured from the proper sources. The matter is very important and the rules require immediate notice and it becomes necessary for us to depend on Press reports. But, we are quite ready to accept your ruling. If you fix some time after asking the Government if they have no objection, then we can have a real discussion on the matter which is really agitating the public mind.

Mr. Speaker: As I have already stated, the matter is an important one. But, before I proceed further, I should like to correct one mis-impression in the mind of the hon. Member who has demanded my attention to a particular rule. He said, 'the mischief of the limitations'. The limitations are for safeguarding and ensuring a proper discussion in the House. There is no mischief. The mischief is the other way.

As regards the procedure he suggests, the hon. Member will be pleased to see that I have not ruled the motion out. I have deferred my ruling with a view to have full facts. The procedure that he wishes me to adopt is putting the cart before the horse. He says that I should admit the motion first and then ascertain the facts. On the other hand, I should ascertain the facts first and see how far the motion is admissible, and that opportunity is given to us by the notice calling attention under rule 215 to this particular incident and I am sure the Minister will make a statement. After all, there is no charm in admitting a motion and then having admitted it to search for the facts on which we can base our judgment and on which we can have a discussion. It is all based on a Press message. I do not mean to ignore the Press message. We are not sure as to whether it was really Indian territory, what were the circumstances under which the incident happened, what

were the true facts of it and all that without reference to some authoritative statement which can be relied upon. Let us not go merely by reports or hearsay. That is the position.

Shri Ramachandra Reddi (Nellore): May I request you to let us know within what time the information will be available?

Mr. Speaker: As early as possible. The hon. Member will see that the situation so far as the French territories and Portuguese territories are concerned, is developing from day to day in such proportions as are increasingly having a tempo. It is not possible to keep in touch from day to day and it is not possible to have adjournment motions on a continuing situation from day to day. Some time will be taken necessarily for gathering information, and I think Government will themselves be keen on giving the information to the House as early as possible. I do not think that Government feel no concern about it, and I believe they have as much concern as any hon. Member of the House, irrespective of Party affiliations, and will be keen on giving the information to the House.

The Deputy Minister of External Affairs (Shri Anil K. Chanda): It is only a quarter of an hour ago that I received these two notices, and I am asking the Ministry to telegraphically ask our Consul-General in Pondicherry and also the Madras Government to supply us detailed information as early as possible, and I should think that in the course of the next two or three days we shall have a full report on the incident that occurred.

Shri Punnoose: In this context, may I bring it to your notice that seven days ago, when the first firing took place, we gave notice of the incident, but nothing has happened?

Shri Vallatharas (Pudukkottai): Similar incidents of shooting of Indian citizens by French Police, who trespassed into Indian territory, have happened already and I submitted, notice

under rule 215, last fortnight. But it had not deserved your consideration. In connection with this occasion, I would submit that Government may be pleased to give consolidated information on the number of incidents that have taken place in respect of all the French possessions in India and as to how many persons were shot dead in these incidents by the French Police.

Mr. Speaker: The information cannot be had in two or three days. All this information will be collected and naturally it will take some more time. I should have no objection at all to Government collecting all the information that they possibly can, but then the hon. Members will not be quite right in expecting the information in two or three days, as the hon. Deputy Minister stated.

Shri Anil K. Chanda: We shall supply as detailed a report as possible and as early as possible.

Shri Punnoose: Are we to understand from what the Deputy Minister stated, namely, "I have received these notices only a quarter of an hour ago and I am asking for information", that Government have not got any information from their representatives so far?

Mr. Speaker: I do not think we need discuss that point. They must, I am sure, be in daily touch, and perhaps hourly touch, with what is going on there, but to make a statement on an authoritative basis they would naturally require confirmation from our Consul-General as also from the Madras Government.

FACTORIES (AMENDMENT) BILL —Concl'd.

Mr. Speaker: Now, we will proceed with legislative business and take up further consideration of the following motion moved by Shri V. V. Giri on the 27th April 1954, namely:

"That the Bill further, to amend the Factories Act, 1948, be passed."

We have taken, I think, sufficient time on it and I shall have to call upon the hon. Minister to reply. This is the third reading stage.

The Minister of Labour (Shri V. V. Giri): Mr. Speaker, I do not wish to take a good deal of the time of the House in replying to the debate during the third reading of the Bill. I take the opportunity of thanking the Members who have taken part in the debate for placing before the House constructive suggestions. However, I would like to say that I heard with great attention and respect the two speeches made by Professor Mukerjee and Professor Sharma. In the course of the debate, it has been stated by my esteemed friend, Mr. More, that the Government's attitude towards labour was maximum sympathy and minimum action. My hon. friend, Professor Sharma, said that it was maximum sympathy and maximum action. I would humbly say in reply that the Government's attitude is rational sympathy and rational action, and I am glad to say that luckily for us, the fundamental rights adumbrated in the Constitution have guaranteed certain amenities to the people—right to work, right to live and all those amenities that will make life bearable. I do not say that a good deal has been done in arriving at this ideal, but to say that nothing has been done is not a correct proposition. If it is said that more has to be done, I entirely agree with the critics to whichever side of the House they may belong. If I may be allowed to state a few instances in the matter of social legislation for industrial workers as to what has been done, I may humbly submit that the Employees State Insurance is one such and will be put into complete action—and we are likely to put it in the shortest time possible—in the course of the next one or two years. Two and a half million industrial workers will be benefited by that beneficent legislation in the shape of accident benefits, medical benefits, sickness benefits, maternity benefits, and so on. Not only that, but almost immediately we are considering the proposition

[Shri V. V. Giri]

that not only the industrial workers as such should be benefited by that legislation, but their families as well, which might practically absorb about 10 million people among the industrial population. Take, again, the Provident Fund institution that we have got, which is now dealing with more industries and we have collected crores of rupees which are also utilised for providing housing for industrial workers. Provident Fund, in one shape or other, if I may say so, is a sort of insurance for workers during old age. It may be insufficient.

[MR. DEPUTY-SPEAKER in the Chair]

I quite agree, but it is tending towards the establishment, if I may say so, of an old age pension. So also, in the recent legislation on lay-off and retrenchment for the first time, we have set up the ideal of providing some unemployment benefit during the course of the off-period. Not only that. Without having to subscribe on a mutual basis, the workers, who are thrown out of employment, get a sort of unemployment benefit in the shape of half a month's wage for every year of service. I do not wish to claim any praise for what has been done. Much has to be done, but I would like humbly to submit that with the willing co-operation of all sections of the House and public opinion in the country, we shall march on, if I may say so, towards the formation of even a classless society in this country. At the same time, as I said yesterday, all depends upon the careful organisation of democratic trade unions on the right basis which would bring for Government, for employers and all concerned, the necessity of implementing beneficent legislation and for quick progress. Therefore, we should not forget that weakness also lies in the workers and their organisations. The sooner they have organisations of a kind where there is discipline, where there is strength, where there are sanctions, it will be easier for them to achieve the results that they desire.

I do not wish to say anything further except to clear certain misconceptions that might have arisen on account of my not explaining myself about either the labour policy of Government or the bi-partite or tri-partite agreements. I have said, and I want to make it clear, that I am a believer in bi-partite and tri-partite agreements and also in labour legislation. Whatever the structure of society be, whether it is mixed economy private sector or public sector, or a classless society, if everything can proceed on agreements it would be very good indeed. Even in non-capitalistic countries, there may be disagreement between supervisors, managers and the workers. It is always good that the management on the one side and the workers on the other know their mutual difficulties with regard to an issue and if they could come to agreements as to the manner in which the issue should be tackled and agreements arrived at, it is really good for peace in industry, in whatever class of State it may be. To that extent, therefore, I say that I believe that by having bi-partite and tri-partite agreements it will facilitate the bringing into existence of labour legislation which could not only be understood in a proper manner, but which could be implemented also in a proper manner. What is generally agreed, to be put in the form of legislation is always easier of implementation than otherwise.

For instance, there was certainly right propaganda in this House as well as in the other House that the lay-off and retrenchment benefits should be applied to the plantation workers. I took the earliest opportunity of calling a tri-partite meeting of the Indian Labour Conference in Calcutta and it was agreed unanimously that not only leave and retrenchment measures should be applied for the benefit of the plantation workers but they also came to the conclusion as to how the Plantation Act should be implemented at a Conference attended by, as I have said, the highest form of trade union leadership representing all the sections of the trade union movement as well as those of

employers. Do you not think that an agreement of that character will be most useful and facilitate peace in industry? That is what I mean by bi-partite and tri-partite agreements and I do not wish to say that I am against labour legislation. Certainly not. But labour legislation based on the knowledge of facts and agreements would be far more abiding than otherwise. I wanted to make that position quite clear.

Somebody said that we should not feel that because there is a lesser amount of direct action the workers are contented. I quite agree with the proposition. I do not say because there are lesser number of strikes there is greater contentment in labour. But what I say is that, the belief of the workers at least during the last two or three years is of such a character that they feel and have great faith in bi-partite and tri-partite agreements and they also feel that strike should be the last resort before other attempts at compromise or settlement of disputes is made. I am very glad of that. That is my attitude too—that strike should be the last resort. Collective bargaining should be the basis of the settlement of disputes between workers and employers. I hope I have made my position quite clear and I am sure if only the trade unions and their leaders realise their sense of responsibility, strengthen the trade unions, create sanctions behind them, put forward reasonable demands to employers their course, and the stages through which should pass, are quite clear.

All that I can say is that I have believed in these maxims for a very long time and I am not ashamed to feel that the views that I held thirty or thirty-five years ago have stood the test of time. Those who laugh last laugh best.

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

PREVENTION OF DISQUALIFICATION (PARLIAMENT AND PART C STATES LEGISLATURES) AMENDMENT BILL.

The Minister of Law and Minority Affairs (Shri Biswas): I beg to move:

"That the Bill to amend the Prevention of Disqualification (Parliament and Part C States Legislatures) Act, 1953, as passed by the Council of States, be taken into consideration."

This is a very short Bill consisting only of one clause...

Shri S. S. More (Sholapur): And very innocent too...

Shri Biswas: By that clause it is proposed to extend a certain time-limit from the 30th April 1954 to 31st December 1954. The time-limit prescribes the period up to which membership of various committees referred to in Act I of 1953 will be immune from disqualification. As the House knows, in the last session, Parliament passed a Bill in terms of article 102 of the Constitution. That article lays down:

"A person shall be disqualified for being chosen as, and for being a Member of, either House of Parliament, if he holds any office of profit under the Government of India or the Government of any State other than an office declared by Parliament by law not to disqualify its holder."

So, although the disqualification was created by a substantive provision in this article, power was reserved to Parliament to make relaxations in certain specified cases. Now in exercise of this power Parliament did enact the law last year, Act I of 1953, that is, the Prevention of Disqualification (Parliament and Part C States Legislatures) Act, 1953. If hon. Members refer to that Act they will find that the scheme of the Act was this. In certain cases permanent removal of disqualification was granted. In other cases exemption only for a temporary period was allowed. Disqualification was re-

[Shri Biswas]

moved permanently in those cases where the offices were not offices of profit. The meaning of the words "office of profit" has been the subject matter of doubt and difficulty, as for instance, whether profit should be regarded as something which is expressible only in terms of money; in other words, whether a person should be held to be deriving profit only if he drew a salary, remuneration, allowance and so forth. On the other hand the view has been taken in the United Kingdom and, I believe, in some other countries as well that profit is not limited to monetary gain only and that something other than monetary gain is also included. Where the holder of an office is entitled to some material advantages not expressible in terms of money, there too that will be regarded as an office of profit. Therefore, the office itself will operate as a disqualification.

From that point of view, having taken legal opinion, Government decided that offices where the functions exercised by the committees were of an advisory character which carried no patronage, no power of making appointments or of exercising other executive functions, those offices would not disqualify.

Shri Bansal (Jhajjar-Rewari): Where do you draw the line?

Shri Biswas: I was trying to explain where we draw the line Government acted on the view that if the committees were performing functions of an advisory character, they shall not disqualify. I will read out the terms...

Mr. Deputy-Speaker: May I interrupt for a minute? Is all that necessary on this Bill? There is the other Bill. The whole ground was traversed on a prior occasion when the hon. Minister said that he would look into individual cases wherever particular Members of Parliament are associated in any body and then he would bring amendments. Now, this Bill is for the purpose of extending the time for preventing the disqualification for some time, till December. In the meanwhile, the Minister says, as

he has stated in the Statement of Objects and Reasons, that he will examine those individual cases, not only those of profit but where it was not considered to be an advisory body—all that will be considered in the later Bill. Therefore, when that Bill comes up it is time enough to consider it. I think, so far as this Bill is concerned, the need for extension alone is the subject-matter now. The hon. Minister need not throw open the whole field. I do not know where it will end.

Shri Biswas: I am very grateful to you, Sir.

Shri Bansal: In the Statement of Objects and Reasons it is mentioned that Government are considering the cases of bodies of a non-advisory character. Our difficulty is where to draw the line. Some of us are serving on purely advisory bodies. But the Supreme Court or any other court may decide that what we consider or what Government considered at one time to be purely advisory is not advisory.

Mr. Deputy-Speaker: I can only say so far as that matter is concerned that what is non-advisory, what is advisory, what is one of profit, what is not one of profit, all that will be taken into consideration by the Minister. Any hon. Member who has got a particular case can certainly write to the Minister or talk to him so as to include that particular case also in that category and get it exempted from the disqualification. That is all for the future. Let not this be the forum for finding ways and means as to what provisions have to be incorporated in a future Bill. This is merely an extension Bill. Whether that should be done or not is the simple point before the House.

Shri Biswas: I am very grateful to you for the direction you have given. I thought I should act according to those lines. But unfortunately I find that two hours have been allotted by the Business Advisory Committee for a discussion of this measure. I am anxious to finish it in two minutes

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): May I make one submission? On behalf of the Business Advisory Committee I may inform my hon. colleague...

Shri Punnose (Alleppey): Is he raising a point of order, Sir?

Shri Satya Narayan Sinha: My hon. colleague has said that two hours have been set apart for this by the Business Advisory Committee. For his information I may tell you, Sir, that the Committee, when it decided on two hours, had in view the comprehensive Bill which has been drawn up by the hon. Minister. This will not take more than fifteen minutes.

Shri S. S. More: May I seek some information? The Minister of Parliamentary Affairs was kind enough to explain that when the Business Advisory Committee made this allotment that Committee was dealing with other Bill which has been promised in the Statement of objects and reasons. Does that mean that that Bill was placed before the Business Advisory Committee?

Shri Biswas: I may explain, Sir. I know what happened. But as there was no modification of the time allotted, I was wondering why two hours have been allotted for such a simple Bill like this. In the other House it did not take even twenty minutes.

Mr. Deputy-Speaker: I can only say for the information of the House that the Business Advisory Committee always errs on the other side, that is of giving more time, so as to avoid any representation on the floor of the House that the time has been limited. Therefore the hon. Minister need not be carried away by the two hours. And if he has nothing more to say he may sit down.

Shri Biswas: I have nothing more to say except to point out why we require this time. There are so many points to be considered, and therefore I think if the blanket cover is extended till the end of the year it will satisfy all parties and all cases. (Shri S. S. More: Go ahead).

Mr. Deputy-Speaker: Motion moved:

"That the Bill to amend the Prevention of Disqualification (Parliament and Part C States Legislatures) Act, 1953, as passed by the Council of States, be taken into consideration."

Shri Ramachandra Reddi (Nellore): I have only one submission to make. It is stated that all these cases are being further examined by the Government. I would only suggest that some of the Members of Parliament might be taken into confidence while discussing these things, or after a particular stage when the Government comes to certain decisions, so that those decisions can be discussed by the Members of Parliament before they actually frame a Bill.

Shri S. S. More: When this Bill was taken up on the floor of the House on the 24th December last I was one of the speakers who expressed himself regarding the utility and the purpose for which the Bill had been moved. My submission then was that this is an attempt to legalise and validate the distribution of patronage. I know that in parliamentary democracy, when parties in power have to keep themselves firmly in their saddle, they are required to distribute patronage to all those who add strength to the saddle itself. But we should not encourage it. And Why? Because, particularly the Congress which happens to be in power has been nurtured on the philosophy of Mahatma Gandhi. And if Mahatma Gandhi had said anything, he had said that no patronage should come into play when Congressmen come to shoulder the responsibility of office. I do not think this Government follows the advice of Walpole that every man has his price. But that is what is happening. I should like to ask why so many Members of Parliament are functioning on so many committees. Is not the work of Parliament sufficiently taxing and sufficient enough to take up all the time and energy that a Member of Parliament may have to contribute for public purposes? If so many Members are having their fingers in dif-

[Shri S. S. More]

ferent pies, it means they are not there purely for tendering advice. I am not prepared to accept the proposition that this country is so dearthful of competent persons that some persons should be given three-fold or four-fold responsibility and asked to go on this committee and that committee and oblige the Government by their very useful and constructive advice. I said on the last occasion and I still repeat it, that we are very recklessly following the American spoils system. When the party in U.S.A. goes to office, it takes along with it a large following. Some distribution of patronage has to be made to keep their loyalty intact to the party in power. That may happen there. Accepting that this House was pleased to pass that measure, the period allowed was 30th of April. As I understood the hon. Minister in charge of this Bill, he gave a categorical assurance that before that time expires, the Government will go into all the individual cases of all the Members who are likely to come under the guillotine of this particular disqualifying clause and they will be instructed to resign their places. Why has this assurance not been implemented? The only reason that I can anticipate or visualise is that these Members are not prepared to give up what they have acquired and they are hesitating, they are refusing and therefore the hon. Minister has come forward obligingly to keep them in their saddle. Otherwise, the moment 30th of April passes, all these seats will be rendered vacant. There was another point on which I wanted some information on the last occasion, from the Law Minister. I shall refer to the proceedings. The question of the Whips and the Deputy Whips of the party in power was raised. He is one of the functionaries who is supposed to be saved from the impending disqualification. I asked one question of the Law Minister whether these Deputy Whips are all statutory officers. I am quoting from the uncorrected report of 24th December. He was pleased to say:

"They are officers of a party in Parliament. It so happens, I do not

know why, they have been appointed by orders made by the President."

Then, I further asked, "Deputy Chief Whips, are they? Under what section?" My question was, under what legal provisions has the President been pleased to appoint these Deputy Whips of the party in power. The Minister was pleased to say, "I do not know."

Shri N. C. Chatterjee (Hooghly): Still the answer is the same.

Shri S. S. More: Of course, this state of knowledge on the part of the Law Minister regarding actions and orders passed by the President is very heartening at least to the Members of the Opposition. I would rather say, four months have elapsed, is there any change of circumstances by which the stock of knowledge which is possessed by the Law Minister has been augmented to the extent that he knows the provisions under which these orders have been passed? The Deputy Whip is a very useful functionary. He has to go about outside the walls of the House, not on the floor of the House, he has to go to the lobby, to the Central Hall and chit chat over cups of coffee. He has to do all these onerous duties because all the flock has to be kept together. It is a very great responsibility and a trying responsibility and he has to be given some protection. But, I should like to know how the President came to appoint these functionaries. He is a party man; he is discharging a party responsibility. How does he come in the great hierarchy of officers who are appointed by the President? I should like to know under what provisions. If Shri Biswas wants, he can take time to collect this information till the next Bill comes forward. That is the usual state of affairs here. With your permission, I would say that the Law Minister must make out a case why he wants to extend the period from 30th April to the end of December, 7 or 8 months. What are the reasons, what are the impediments coming in

his way, which prevent him from cleaning and purging the composition of this House? Why are so many people allowed to function at different levels to their own financial advantage? Not only financial advantage; but they may be adding to their prestige. Because, as the Law Minister was very much pleased to say, there are gains, monetary gains, non-monetary gains which may be converted into money value after some time like delayed action bombs they become effective after some time. I want to understand all these things. Therefore, the Minister in charge of this Bill may be pleased to add to my knowledge, under what particular provisions these Deputy Whips have been appointed, and what Government functions they discharge.

I further would like to know from the Law Minister whether there is any justifying cause which necessitates the extension of this time-limit up to December. Let him have two months' or three months' time—we shall be very generous to the Law Minister; we like him so much—before the next session of Parliament. Let him take account of the whole situation as to how many individuals are likely to come under this bar and give them some useful constructive advice if they want to keep their seats here. All this cleansing business, all this sanitary business should be discharged within two or three months. Otherwise, my friends like Shri Bansal will always be on tenter-hooks whether they are here or there. They should make up their mind whether they would be in this House or on other committees. At least the Law Minister can be an adviser to all these friends and tell them, to keep their seats here and not to bother about other committees.

Shri Raghuramajiah (Tenali): I think I should congratulate the Law Minister for having at least at this stage, three days before the expiry of Section 4 of the present Act, come forward with this measure. The situation created by section 4 has caused considerable anxiety, worry, mental torture to a number of Members in this House.

Many have been asked to resign; some have received advice that they need not resign. The totality of confusion is quite unparalleled in the annals of legislation. The situation is so critical and some of us have been so bothered and worried. I therefore congratulate the Law Minister for having come forward at least to give us this last minute relief.

What, however, worries me is the Statement of Objects and Reasons. It contemplates a comprehensive measure applicable among other things to statutory advisory and non-advisory bodies. I do not pretend that my knowledge of law is absolutely perfect. But, within the compass of my knowledge, I have always wondered whether the Law Minister has not taken up a super-human task in undertaking this work. The distinction between an advisory and a non-advisory body is a matter on which international jurists have differed. Suppose a Committee of Members of Parliament is appointed to gather evidence and submit a report to the Government, on a particular matter, and suppose power is given to appoint typists or chaprasis, does it or does it not have the nature of a body having executive powers? These are very difficult matters. We must remember that the Bill seeks to cover disqualification not only in respect of offices under the Union Government, but also offices under the State. In every case, there should be a general guidance both for the Government here and in the States, in advance as to what kind of bodies will come under the disqualification. This idea of confining the removal of disqualification to only statutory bodies bristles with tremendous difficulties. Because, there are various committees, and advisory bodies appointed by the Central Government and the State Governments which are not necessarily under any statute. For instance, the Indian Central Tobacco Committee, I understand, is not constituted under any statute of this Parliament. But, it was constituted under a resolution of the Government of India. Is it a body which will be regarded as statutory? I

[Shri Raghuramaiah]

doubt. If so, it means that a member of the Indian Central Tobacco Committee will not be covered by the contemplated legislation. I have given only one instance.

Mr. Deputy-Speaker: Are we going into all these details here? If the hon. Member has got a doubt whether this extension covers membership of the Central Tobacco Committee, that would be relevant. What the hon. Minister is going to decide and incorporate in any future legislation, cannot be quite relevant to the issue today. The hon. Member may discuss with him privately or send him a memorandum.

Shri Raghuramaiah: May I submit...

Shri Biswas: May I explain? There is a lot of misunderstanding as to the Statement of Objects and Reasons. When the Bill was before this House, which is now an Act, I gave the assurance that I shall have the cases of the statutory bodies, membership of which was being placed under disqualification, examined. That does not mean that non-statutory bodies were exempted from disqualification. If my friend will only look at section 4 of the Act, sub-section (a) of that section refers to committees other than advisory committees, and then sub-section (b) refers to membership of statutory bodies. It is only in respect of statutory bodies I had given that assurance, and I was collecting information from all the Ministries regarding the statutory bodies. Unfortunately, the list I got is not yet complete, and there are more statutory bodies.

Shri S. S. More: Will it be complete within two years?

Shri Biswas: My friend wants to know if it will be completed within two years. I am not taking two years. I am taking only some months, nine months.

Shri S. S. More: Nine months! (laughter)

Shri Biswas: The full period of gestation for producing a Bill of this kind!

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserved—Sch. Castes): To deliver the goods!

Mr. Deputy-Speaker: The hon. Minister will have the right to reply. May I make a suggestion? I shall ask the Secretariat to include a suggestion in the Bulletin that all suggestions may be sent on this matter to the hon. Law Minister, and all suggestions sent will be considered by him. And, as suggested by Mr. Reddy, he may also invite some of the hon. Members of Parliament before the Bill is actually introduced in the House, so that whatever lacuna or whatever things are omitted may be incorporated, and whatever objections may be taken may be deleted.

So far as this Bill is concerned, I think we are unnecessarily spending time as to what the future Bill ought to be. This Bill is merely a continuance of the previous Bill.

I think Mr. Raghuramaiah has said enough.

Shri Raghuramaiah: My only object in referring to that is there is a certain impression created by the Statement of Objects and Reasons that the next legislation—there is reference to it—...

Mr. Deputy-Speaker: True, I agree.

Shri Raghuramaiah: I agree, and I will not discuss about those things, but I want to point out that we are very apprehensive that this kind of a situation should not develop later on, at the last minute when next this comes up. I mean we should know in advance where we stand, whether each one of us has to resign or not. We should know that well in advance and the Bill should be comprehensive enough to cover not only these Advisory bodies set up by the Central Government, but also those set up or which may be set up in future by the State Governments. I have nothing more to add except again to congratulate the hon. Law Minister for the extreme urgency with which he has dealt with the matter and the tremendous relief he has given to every one.

Shri N. C. Chatterjee: The position is this. The hon. Minister has come to the House for legalising what *prima facie* is of doubtful legality, if not illegality. That is a menace to democracy that we are taking a short circuit to circumvent the Constitution and the disqualification deliberately imposed by the Constitution. The sooner we get rid of that habit the better.

You know, Sir, we had an elaborate discussion, as you reminded the House, on the question of office of profit, and that was very interesting discussion. Parliamentary authorities and precedents were quoted, and there seems to be a good deal of justification for a stricter view of things that the people who accept one of these offices should not function as Members of Parliament. And the sooner that position is clarified, the better. In all fairness to the Members concerned and to the functioning of an honest and pure democracy, it would have been better for the Government to make up its mind and refer the matter to the Supreme Court. You know, Sir, they have got advisory jurisdiction and they would have disposed of the question and given the final decision, and that would have been accepted as the decision or adjudication of the highest tribunal in this country on a very difficult and complicated point. And that would have been binding on Parliament, the legislatures and all functionaries in this country. I am still hoping...

Mr. Deputy-Speaker: What is it that has to be referred to the Supreme Court—whether it is an office of profit or not?

10 A.M.

Shri N. C. Chatterjee: What are the offices of profit? You know there was a difference between the Attorney-General and the Election Commission. The Election Commission held in the Vindhya Pradesh case that they were offices of profit and actually declared the Members concerned to be disqualified. Then a Bill was introduced and there was the question...

Mr. Deputy-Speaker: If it is not an office of profit, the question of Parliamentary legislation does not arise at all. On the assumption that it is an office of profit, Parliament exercises its discretion to see whether that ought to be exempted or not. Therefore, it is inherent in any legislation that is brought up in regard to removal of disqualification that it is an office of profit or it is on the marginal line.

Shri N. C. Chatterjee: As you have pointed out, the issue before the House is not whether we should continue the exemption or continue the life...

Mr. Deputy-Speaker: Accepting that every one of these is an office of profit.

Shri N. C. Chatterjee: Accepting that. We want to know how many persons are involved. That data should be given before the House. What are the committees or what is the nature of the offices which are involved in this case. I take it that it is not the intention of the hon. Law Minister, as has been suggested by my friend Mr. More, that he wants to continue unfair patronage or that he wants really to continue...

Shri S. S. More: I have not criticised the Law Minister individually, but I am accusing the Government.

Shri N. C. Chatterjee: I stand corrected. I do not think the Law Minister wants to put his *imprimatur* on the Governmental policy of continuing the unfair spoil system, like the American Government, which is run openly on the system of spoils. What Parliament should be told at this stage is: how many Members are involved. What are the offices or what are the committees on which they are functioning? If they are offices to which they have been elected by Parliament, that is a different thing. If there are other kinds like membership of district boards or something like that, we ought to know. Really, Government should take us into confidence and should publicly declare that Parliament is being asked to set its *imprimatur* on this kind of legislation, but there is nothing sinister behind it; there is no question of our abus-

[Shri N. C. Chatterjee]

ing our legislative authority or competence by really legalising illegality. And that should be told clearly, so that the country should know, people should know and Parliament can justify its conduct before the public.

One thing the Law Minister should make clear. There should be no further delay or procrastination. It is a very lame excuse to stand up in this House and say: "For so many months I have been trying to collect the information, but I have not yet got the information." That puts the Government and the Departments concerned in a very bad light. That shows they have been playing with Parliament and with the Law Minister. That should not be tolerated. I agree with Mr. Raghuramaiah that we should make it perfectly clear that we shall not allow, and would not permit, the Law Minister to come here, or any Minister to come here, towards the fag end of December and say: "Yet I am not ready with my comprehensive Bill. Therefore, for Heaven's sake allow this time for the continuance of this illegality or allow this kind of further validating Bill to be passed." That should be put a stop to. I hope the hon. Law Minister has got the facts and he will tell us how many people are concerned, what is the nature of the offices or positions that they hold, about which there is no question of even a shadow of a doubt as to the legality of their position.

Shri Bansal: The question of advisory and non-advisory bodies has been gone into, and I will not take the time of the House on that.

My difficulty arises on another score. We are on some advisory committees in our capacity as Members of Parliament. For example there are some committees, like the community project advisory committees. We are there because we represent those constituencies. Similarly, we are on the advisory committees which are the public relations committees of our districts. Again, we are there because we are Members of Parliament.

An hon. Member: You do not receive any allowance.

Shri Bansal: We are not getting any allowance from any of these bodies, but still they may be interpreted as offices of profit, because, as Mr. More has pointed out, some gain, indirect or direct may accrue to us as a result of the membership of those bodies, because it is likely that if I am in a community project committee, I may use my influence for getting a well in my village, and that may be construed as deriving some profit. Therefore, I want to know whether the membership of these bodies, on which we are working purely in an advisory capacity, and in our capacity as Members of this august House, will be offices of profit or not. That is a question which has to be considered.

Then, there is another case. We, as Members of Parliament, make some suggestions to our State Governments. I shall give a concrete example in this connection. The question of co-operative credit was exercising our minds in Punjab, and the Punjab Government came forward and appointed an advisory committee to go into this whole question of co-operative credit, and they nominated me as one of the members on that committee. I want to know whether the membership of that committee will be an office of profit or not. It is not as if,—as Shri S. S. More has pointed out,—we are anxious to get by backdoor methods into these bodies, in order to get some advantage for ourselves. It is not at all like that. He must give up that impression entirely. I am one of those who have already resigned from the bodies, where there was the least suspicion that membership of these bodies will come under the mischief of this particular provision of the Constitution. Moreover, I also agree with Shri S. S. More, when he says that Members have absolutely no time to devote to other work, because the work of the House is so important and so pressing that we can hardly afford any time. But by the mere fact that we, the Members of

this House, are nominated on some of these advisory bodies, I would like to know from the hon. Minister, whether he will keep such cases also in view, while defining what the offices of profit are.

The major question as to where we should draw the line between advisory and non-advisory, statutory and non-statutory bodies is also there.

Dr. N. B. Khare (Gwalior): It seems to me that this Congress Government is a limited liability company, with profits unlimited, and this Bill is a proof, if at all any is necessary. This Bill is really very strange. It has been brought in at such a late hour as this. The date mentioned is 30th April 1954, and today is 28th April 1954, and Government want to hustle through, by facing us with a *fait accompli*. I cannot understand this mentality at all. This Bill is nothing else but the unabashed nepotism of Government, in all its nakedness. Government should not carry on their administration in this fashion. They should once and for all decide what comes under the mischief of the law, and what does not. I oppose this Bill, because I am an enemy of nepotism.

Shri N. M. Lingam (Coimbatore): I have to make only one or two observations. I think Shri S. S. More was less than fair both to himself and the House, when he said that by this Bill, it was the intention of Government to perpetuate the patronage that they wielded among the Members. He would recall that we have passed so many resolutions in this House asking Government to appoint parliamentary committees to go into so many questions affecting so many aspects of life in the country. A difficulty has arisen now, because it is doubtful whether membership on these committees is an office of profit or not. This Bill seeks to remove that difficulty. In other words, the difficulty is in drawing the line between advisory bodies and statutory bodies. Several Members who have been appointed to advisory com-

mittees, such as the Railway Corruption Inquiry Committee, the Community Projects Advisory Committee, etc. have resigned because it is difficult for them to ascertain, under the law as it stands, whether these are offices of profit or not. To have this doubt removed, it is necessary to extend the immunity given up to the end of the calendar year, although I admit that to the extent, we postpone the immunity given, we offend the Constitution. But I hope the hon. Minister will bring in a comprehensive Bill as early as possible, although he has been given time up to the end of the calendar year.

Shri S. S. More opened his broadside once again against the Deputy Chief Whip. He still seems to labour under a misapprehension in that he regards the Deputy Chief Whip as one outside the hierarchy of parliamentary officials. The Chief Whip is a government appointee, and the Deputy Chief Whip acts only in the capacity of a Deputy Minister, in the sense that he assists the Chief Whip. So, there is nothing sinister or fishy about the appointment of the Deputy Chief Whip, and it is but proper...

Shri S. S. More: May I know under what article of the Constitution this happens?

Shri N. M. Lingam: I suppose the hon. Law Minister will refer to the Constitution, in the course of his reply. I hope a lawyer of Shri S. S. More's standing will realise that the office of the Deputy Chief Whip is not a party appointment but a government appointment.

Shri S. S. More: Because you say so.

Shri N. M. Lingam: There is one other difficulty, in this connection. It is true that membership of statutory bodies is immunised from disqualification, till the end of the calendar year, but there are certain offices such as membership on the Tea Board, which has yet to come into being. Under the Tea Act. Members of Parliament have to be on the Tea Board.

[Shri N. M. Lingam]

but the election to the Tea Board, from among Members of Parliament has not taken place, on the ground that it is not clear whether membership thereon will act as a disqualification or not. Therefore, I would like to know from the hon. Minister whether membership on these bodies acts as a disqualification, and if not, whether Government will go ahead with the election to these bodies.

Within these words, I support the Bill.

Shri N. B. Chowdhury (Ghatal): By passing this Bill, Government want to remove likely or supposed disqualifications of hon. Members. We are not opposed to hon. Members being represented on different committees, provided they do not utilise their membership for their own selfish and material gains. But I must point out that this question of office of profit should be considered seriously, and the position should be clarified, because we find that although there is this provision in the Constitution, we are removing one disqualification after another. First, there was the case of the Vindhya Pradesh legislators. Then we had another Bill to remove certain other kinds of disqualifications. For a third time, we are having a similar Bill now. If we go on at this rate, there will be no end to it, and practically there will be no office of profit at all, because whenever anything is considered to be an office of profit, we can remove the disqualification then and there. At this rate, there is no importance attached to this provision in the Constitution. If there was some spirit underlying this provision in the Constitution regarding offices of profit, I think that it is a matter which should be considered seriously, and we should not have such legislators as may utilise their position for making profit out of offices. We should certainly clarify the position and define office of profit clearly. As you yourself pointed out just a few minutes ago, if there is any doubt in the mind of any hon. Member with

regard to certain offices which he might be holding, he can pass on the information to the hon. Law Minister for his opinion. But there are certain offices about which doubt may not at all arise in the mind of an hon. Member, and he may not be aware that he was holding an office of profit at all. In spite of the assurance given by the hon. Minister, there may be certain Members who may not be aware that they were holding offices of profit, and one day it might be said that they have incurred some disqualification on this account. In order to remove all such difficulties, it is very necessary that we must have a precise idea as to what these offices of profit are. Since it is also the desire of the Planning Commission, that the legislators should be represented in local advisory bodies, such as the community projects advisory committee, the Local Development Board etc., this matter should have careful consideration, and something should be finalised.

Then there is another thing I want to say. A few months ago a Bill to amend the Representation of the People Act was considered by this House. At that time there were going to be two major elections, in PEPSU and Travancore-Cochin, and most of the hon. Members desired that at least certain amendments should be brought in so that people might not suffer from certain disadvantages, for instance, with regard to filing nomination papers. But that has not yet been done. So why is this inordinate delay there? That thing should also be considered in this connection—whether they cannot take prompt measures to bring in an amending Bill in regard to the Representation of the People Act and make a comprehensive electoral law wherein all these things would be clarified.

Shri C. C. Shah (Gohilwad-Sorath)
It will lead to a little clarity of thought if we turn our mind to article 102. The expression 'office of profit' has

been given such wide interpretation—and very rightly—that it became necessary in the Constitution itself to provide that Parliament may by law declare certain offices as not to disqualify the holders thereof. In that respect, there is no question of any menace to democracy or any unfair patronage or any nepotism. These allegations are. I regret to say, irresponsibly made, and probably it may be necessary for the Opposition to do so. But the position is quite clear. As Mr. Bansal has rightly pointed out..

Shri S. S. More: You have come from America. Is it not?

Shri C. C. Shah: I have gone there.

Shri S. S. More: You have personal knowledge of the spoils system.

Mr. Deputy-Speaker: The hon. Member will kindly address the Chair.

Shri C. C. Shah: Therefore, the Constitution itself provides that Parliament may by law declare certain offices not to be offices of profit. Mr. Bansal has rightly observed that we, as Members of Parliament, should not go on committees to the neglect of our work as Members of Parliament. But by reason of our position as Members of Parliament, it becomes necessary and advisable in certain instances to be on committees in the interest of public work itself. But the expression 'office of profit' having been given a wide interpretation, it becomes necessary to exclude such offices from offices of profit or to remove the disqualification. The position in that respect is quite clear. We discussed this at great length when we discussed the Vindhya Pradesh Bill and Mr. Chatterjee at least should know that there is no question of any menace to democracy.

Then Mr. Chatterjee said that the question might be referred to the Supreme Court. With the utmost respect to him, I fail to understand what the Supreme Court can decide in this matter, because it is for Parlia-

ment to decide what offices shall not be treated as offices of profit for the purpose of article 102. It is a matter of policy; it is not a question of interpretation, and therefore, there is nothing which can be referred to the Supreme Court in that matter.

Now, the position so far as Parliament is concerned, is quite clear. Act No. 1 of 1954 divides itself into two parts. Section 2 categorically declares certain offices of an advisory character not to be offices of profit and that remains permanently as part of our statute. Section 4 declares certain offices as not to be offices of profit for a particular period, namely, upto 30th April. It is only in connection with section 4 which deals with non-advisory or executive bodies that this amending Bill has come before Parliament. So far as section 3 is concerned, we have permanently decided as a matter of policy that membership of certain advisory bodies will not be treated as offices of profit for the purpose of article 102.

Now, Mr. Bansal expressed certain doubts as to the line which we can draw between advisory bodies and executive bodies. I agree it is sometimes difficult in certain borderline cases to decide as to what is purely an advisory body and what is an executive body. But all that Parliament can do is to enunciate a principle and then leave it to Members to take the best legal advice they can to find out whether a particular body is an advisory body within the meaning of section 3 of the Act or whether it is not an advisory body. It will be humanly impossible to enumerate all the possible committees to which Members can be appointed and say that a particular committee is an advisory committee or a particular committee is not an advisory committee. It is best, in case of doubt, for Members themselves to decide whether they will be or will not be on that committee. Mr. Raghuramaiah stated...

Mr. Deputy-Speaker: Can they not make a reference to the President? Whichever hon. Member is interested can through the Election Commission make a reference to the President.

Shri N. C. Chatterjee: Yes. There is article 143.

Shri C. C. Shah: It may be done if the President so decides. But it is for the individual Member himself to take legal advice to decide whether he should or should not be on a committee.

Shri N. B. Chowdhury: With regard to that, we know in connection with the Vindhya Pradesh Bill, the matter was referred to the Election Commission and to the President also. But that was not the final say. We wanted Parliament to decide.

Mr. Deputy-Speaker: No, no. The President only decides whether it is an office of profit or not. In case he decides it is an office of profit, it is for Parliament to say that notwithstanding the fact that it is an office of profit, it shall be exempted. So there is absolutely no conflict.

Shri C. C. Shah: As regards non-statutory executive bodies, if I understand rightly the policy of the Government, it appears to be quite clear, that they do not desire to extend the removal of disqualification to non-statutory executive bodies, and the assurance which the Law Minister gave at the time we passed the Bill related only to statutory non-advisory bodies. Therefore, there is no doubt as regards the policy of Parliament as well as of the Government that so far as non-statutory executive bodies are concerned, it is not the desire, if they are offices of profit, to treat them as not offices of profit. But for the present, Government appears to have decided that the removal of disqualification shall continue till the end of this year in order that the Members may take their own time to resign from such bodies.

Then Mr. Raghuramaiah said that this should also be extended to all State Governments. I think the legal position so far as State Governments are concerned is that it is they who have to decide by their own legislative enactments what shall be offices of profit.

Shri Raghuramaiah: May I draw his attention to article 102 (1) (a) which says:

"If he holds any office of profit under the Government of India or the Government of any State; other than an office declared by Parliament by law not to disqualify its holder."

It is Parliament that determines even in respect of States.

Shri C. C. Shah: Yes, you are right. But under article 191 (1) (a) the State legislatures have also been given power—in respect of Part A and Part B States—to decide what shall not be deemed offices of profit for the purpose of membership of State legislatures.

Shri Bansal: Our membership of some State advisory body—that is the point.

Shri C. C. Shah: Lastly, I want to say that I agree with Mr. Chatterjee that this uncertainty should once and for all cease and there should be a finality in the matter. Therefore, I hope that this is the last extension which the Government takes to consider this matter in order that we may once and for all know what are considered offices of profit and what are not.

Shri Mulchand Dube (Farrukhabad Distt.—North): So far as I am able to understand the debate that has been going on, there is nobody who seems to know precisely what an office of profit means.

Mr. Deputy-Speaker: We are not confined to what is an office of profit

Shri Mulchand Dube: I submit we are, to a certain extent.

Mr. Deputy-Speaker: No, not in this Bill.

Shri Mulchand Dube: In this Bill also, because the learned Minister of Law wants to bring in another Bill in that respect.

Mr. Deputy-Speaker: But we are not discussing that Bill.

Shri Mulchand Dube: I wish to make a suggestion to him that he should precisely define the words 'office of profit' once and for all so that it will not be necessary for him to come every now and then before Parliament for exemption of certain persons from disqualification. The word 'office'—what is an 'office'—is also not precisely clear and I do not remember to have seen it defined anywhere; nor for the matter of that, the word 'profit' has been defined anywhere. As the hon. Law Minister admitted, the word 'profit' may or may not be pecuniary. Therefore, my submission is that instead of bringing another Bill, which is said to be a more comprehensive Bill, on that point, what he should do is to define the words 'office of profit' and to incorporate that definition either in the Representation of the people Act or in the Constitution, so that people may know beforehand whether they are or are not going to incur any disqualification by accepting any office, whether of an advisory character or a non-advisory character. That is all I have to say.

Shri S. V. Ramaswamy (Salem): I have only one point to submit for consideration of the House. It would be difficult to define what is "advisory" and what is "non-advisory." In the Statement of Objects and Reasons, it is stated by the hon. Law Minister that all the relevant Acts would have to be studied and amended. My humble submission is that it would be superfluous. It would also be a very difficult task. What I would submit is, instead of drawing a distinc-

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tion, I would request the hon. Minister to give an illustration of the several categories. It is unfortunate that the last Bill was run through the last session on the last day. It was run through just within 45 minutes—barely an hour. It was run through like that and I could not move an amendment which I then wanted to move. I suggested an amendment so as to give an illustration of what an advisory body is and of what a non-advisory body is. I submit that if that amendment had been accepted, we would not have been placed in a difficult position, because that illustration is fairly clear. My fear is, if the hon. Minister choose to amend the relevant Acts, as is said in the Statement of Objects and Reasons, it may be an attempt to be exhaustive, but in such a case, in all subsequent Acts, he will have to make a definite provision to say whether such and such a thing is a disqualification or not. On the other hand, if illustrations are given, it would be very helpful, and no Member need be under any tension or fear, because he can himself see whether he comes under this category or that. I would, therefore, request the hon. Minister to give a number of illustrations on the lines I suggested in my amendment.

Shri Velayudhan: When my hon. friend Shri More was referring to certain aspects regarding this Bill, I was trying to remember the mentioning of a particular clause in the Constitution—clause 102,—by Dr. Ambedkar, when he was presenting the Constitution to the Constituent Assembly of India. When he was making a long speech as the Chairman of the Drafting Committee of the Constituent Assembly, he mentioned about this particular clause and then gave a warning to the Constituent Assembly to see how this particular clause should be scrupulously protected in spirit and in letter. Here, when some of the friends from the other side were saying that Parliament can make legislation for validating the disqualification and therefore, it should be accepted, they failed to bear in mind the point whether we

[Shri Velayudhan]

have observed in spirit and in letter what is now given in our Constitution. I must tell you that at that time, it was mentioned that this particular law should be made only as an exception and not as a general rule. For the last 15 days, I was hearing in the lobby talks and whispers and murmurs regarding the particular disqualification of about 80 Members. I do not impute any motives to the Members in accepting the membership in the various committees, but I must tell you that one thing is worrying my mind. It is this. There is a suspicion in the minds of the people outside whether we are properly using this particular clause that is laid down in the Constitution. We must bear in mind the impression that would be created in the minds of the people as a whole when they hear that about 85 Members of Parliament are being disqualified simply because they have accepted membership in various committees and then accepted allowances and have used their power as committee members in one form or other. It is this particular general public opinion that will have to be taken into consideration. I am one of those who feel that we must very scrupulously adhere to the spirit of democracy,—not only its form. Of course, we have every form of democratic institution in India. We have got a Constitution which is borne of those various forms. But one thing we have to bear in mind and it is whether we are accepting not only the form but the spirit also. From that point of view, I must tell you that this was an unhappy situation that was created by the Members of Parliament in accepting membership in one committee or the other. I was very much surprised when I heard my friend, Mr. More, mention that the Deputy Chief Whip of the Congress party was being appointed as an officer by an order of the President. I do not think in any country, in any Parliament, there is a situation like this which has arisen, namely, that a Deputy Chief Whip is appointed by the President of the

country or by the Parliament of the country or even by the King, where there is a monarchy, as an officer of Parliament.

Mr. Deputy-Speaker: Even with a Deputy Chief Whip, there is sometimes no quorum. So, there should be many more such Deputy Chief Whips!

Shri Velayudhan: I would suggest that that is a different question altogether. It has nothing to do with his appointment as an officer by the President. We know we all will have to co-operate with the Whip and the Chief Whip in making a healthy parliamentary form functioning in this House. It is our common responsibility. At the same time, it is a different thing to see that a Deputy Chief Whip is appointed by the President. Again, an anomalous situation is created. It is not known whether he is now receiving any emoluments from the treasury, that is, from the Government. That also is not revealed by the Law Minister. It is a very tragic situation.

Shri Biswas: One simple question would have elicited the information.

Shri Velayudhan: It is very easy. You can give that information even now. We would be satisfied with an answer.

Shri Biswas: I have not got the facts and figures now.

Mr. Deputy-Speaker: Both of them will kindly address the Chair. I would also request hon. Members to see that if they want to intervene, they should rise from their seat and then address the Chair. It is no good speaking across the table or across the benches.

Shri Velayudhan: Thank you. Therefore, even if the Members of the House have not elicited information from the Law Minister, it would be the responsibility of the Government to give out the informations whether this particular officer newly appointed by the order of the President enjoys any emolument or not. I am not in any way trying to find out any motives in this legisla-

tion, but at the same time, it is my own view that doubt or suspicion is raised in regard to this matter, namely that the power is now misused by the party in power. That is the most important thing to be scrupulously observed. When clause of office of profit by M.Ps. was included in the Constitution, it was thought that the party that is in power, —whether it is the Congress Party or any other party—will not misuse the powers at any time. It is in countries where democracy has not developed completely that Members of Parliament have accepted even offices like Secretaries or even as ambassadors. I know in some countries even Ambassadors are appointed from the ranks of Members of Parliament and then they are sent abroad. Such situations arise in other countries. But in India, we have got a high level of democratic Constitution, and we must see that the Constitution is observed scrupulously so that we might give effect to the development of democratic spirit at all stages. I have nothing more to add, except ventilating this particular view of mine.

Shri Gadgil (Poona Central): When in 1951, Dr. Ambedkar suddenly resigned, I had to pilot this particular Bill dealing with the incurring of disqualification. At that time, there were two views before the Government. One was what was and what is prevalent in the United Kingdom, namely, the nature of the office should determine whether it is an office of profit or not. And, the other view was, what were the emoluments attached to that particular office. Ultimately the position was left at that, with the issue of a Resolution by the Finance Ministry that anything given by way of compensation up to Rs. 20/- per day should not constitute the holding of that particular membership as holding an office of profit. But, it was then believed that a law would soon be passed by Parliament and that a relevant Bill would be introduced.

In this connection, I may bring to the notice of this House that there are so

many matters referred to in the Constitution which were allowed to remain as they were on the supposition that relevant Bills will be brought and matters will be finally settled. For example, the Rules of Business. Now, I am naturally with Mr. More in some respects with respect to the validity of the rules under which we are functioning. I honestly feel that the initial rules were perfectly valid and the enactment or the proclamation of the same was quite correct. But, any change subsequently made must be approved by this House. It may be that our liberties might not have been curtailed but the fact remains that we are working under a set of rules for which the House, as such, has not given its approval. I, therefore, desire that the Law Ministry should list up those matters for which the Constitution has given an assurance that relevant laws will be passed by the Parliament and proceed with them. What is the joke in bringing a Bill every six months and repeating the same thing again and again?

This Act was passed only last year and again we are asking the Parliament to extend it for another six months. I am prepared to extend the period for one year but, let us finally at the end of the year, have a Bill detailing what are the offices of profit and all relevant matters, whether under the Central Government or in any of the Constituent States, so that this matter may be finally settled.

In this connection, I would urge the Government to have the concurrence of as many Members of the Opposition as possible, because this is a matter which cannot be a matter of party politics. We are all agreed that the Government of the day should not have any large power of patronage, but, at the same time, Members of Parliament, at any rate, most of them, have abilities and plenty of experience. On the one hand, we should see that we harness that ability, talent and experience and, on the other hand, we should also see that it does not transgress the limit

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and becomes a matter of patronage. We must have some sort of midway and that is only possible if the Government unofficially or informally ascertains the views of all the parties and brings in a piece of legislation which will be quickly accepted and passed by the House. This business which is hanging fire for the last four years—the Constitution was passed in 1950—should be finally decided and a proper tradition established. That is all I have to say.

Mr. Deputy-Speaker: Has there not been sufficient discussion of the matter?

Several Hon. Members: Yes.

Mr. Deputy-Speaker: I think all the suggestions will be noted by the hon. Minister for future guidance.

Shri Biswas: The suggestions will, no doubt, be noted, but, I have got to reply to some charges which have been made against the Government and against the Law Minister personally.

First of all there are certain points which ought to be clarified for the benefit of my hon. friends here. There is no question of Parliament being entitled to define an 'office of profit'. What that expression means is a different question. That may be decided if there is a case which is taken to the Supreme Court. If there is a question raised under article 103—if any question arises as to whether a Member has become subject to any disqualification, then the question shall be referred for the decision of the President and the President shall refer the matter to the Election Commission and so on. There is a corresponding provision regarding the States also. It is in pursuance of that provision that the case of the Vindhya Pradesh Members had arisen. So, that is the procedure laid down. It is not for Parliament to say that an office of profit means this. The responsibility of Parliament is limited in this way. The Constitution says that if a person holds an office of profit either under the Central Government or under a State Government, he shall be

disqualified. At the same time, it has been given to Parliament to declare by law that a certain office shall not disqualify. If hon. Members will look at the language of the Act, Act I of 1954, they will find that whether temporary or permanent exemption has been granted, we have never used the expression 'office of profit'. We have never said whether it is an office of profit or not. We have said, in clause 3, where we have given permanent exemption, the following offices shall not disqualify. Whether that is an office of profit or not is a debatable question on which Parliament was not invited to give its opinion.

Shri S. S. More: May I interrupt? Can there be an Act passed by this House removing a disqualification without adjudicating whether that office is an office of profit or not? Then we will be legislating in a vacuum.

Shri Biswas: My friend is a lawyer. He need only turn to the language used in the Constitution. It says, 'he shall be disqualified if he holds an office of profit other than an office declared by Parliament by law not to disqualify its holder'. It does not say "an office of profit declared by Parliament by Law". These words were used deliberately. Without going into the question whether it is an office of profit or not. Parliament can declare any specific office as not disqualifying the holder thereof.

Shri S. S. More: If it is not an office of profit, there will be no question of disqualification and it will not arise at all.

Shri Biswas: There I differ, because you cannot lay down whether it is an office of profit or not. Therefore, I say when Parliament is enacting a law giving a relaxation, it will be for Parliament to consider for itself, for guiding its own action, as to whether a particular office is an office of profit. They will bear that in mind. There is no attempt on the part of the Ministry or Government to legalise something

which is illegal. The responsibility is the responsibility of Parliament. If Parliament consider that the holder of a particular office should be disqualified, they will not accept any suggestion of the Government to exempt it. Nothing of the kind. They may think that it is an office of profit and therefore it shall be under the ban. There is no question of our defining what an office of profit is. It is for the Parliament to decide on what view it should act in regard to a particular office, whether it should declare that particular office as an office which will disqualify or not.

Mr. Deputy-Speaker: May I ask the hon. Law Minister, if it is open under article 102(1)(a) to declare in general terms what are the offices that will not disqualify the holder thereof or whether it is necessary under this sub-clause to take individual offices and say that the holding of this office shall not disqualify a person?

Shri Biswas: I was coming to that point. Strictly speaking, if we could have a specific enumeration of the various offices which shall not disqualify the holders thereof, that would be very desirable. There is no doubt about it. But then it means that you have to take up the case of all offices. The offices are not all offices set up by statute. So far as statutory committees are concerned, it is possible to draw up an exhaustive list. As regards future statutes, provision can also be made when they are enacted. But, as regards committees which are non-statutory in character, it is very difficult to frame a comprehensive list. Still if Parliament thinks it desirable to grant exemptions in such cases the question is whether we may not devise a formula, instead of dealing with each individual case. As I explained when the present Act was before the House, after taking legal opinion and considering the practice in other countries, we thought that we might put in a formula like this, namely, that if it is an advisory body, that is, a body which exercises only advisory functions or is appointed only for the purpose of collect-

ing information, a sort of fact-finding committee, membership of such committees will not be a disqualification. If we find by experience that the formula which we have used is giving rise to all kinds of controversies, then we have got to reconsider the position. That is exactly why Government is taking time in order to consider what further action is necessary in the situation which has actually arisen as a result of the working of the Act during the last four months.

Shri Gadgil: 31st March of next year.

Shri Biswas: Some time-limit is necessary, and I first put it down as October, 1954, but then I thought that it might not be possible to finish the enquiry before that and, therefore, in order to avoid coming up to Parliament for a further extension, I have put it down "till the end of the year." If it is possible to complete the investigation before that period, there is nothing to prevent Government from bringing forward a Bill earlier (*Interruptions*).

Shri Raghuramaiah: On a point of information. Mr. Shah said a few minutes back that it is the policy of the Government to exclude non-statutory committees from the scope of the Act-altogether I want a clear clarification by the Law Minister.

Shri Biswas: The present policy is already embodied in the Act itself, and if my hon. friend will look at section 4 of the Act, he will find that the Act grants temporary exemptions, which fall within two categories. The first clause deals with committees other than advisory committees, and the next clause deals with statutory bodies. As regards statutory bodies, it is not very difficult to compile a comprehensive list. I had given an assurance on the floor of the House when the Bill was being considered, that if membership of statutory bodies is not to disqualify, the exemption clause should be embodied in the statute itself. Instead of being here, the exemption clause should be a part of the statute. There-

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fore, I circularised all the Ministries to tell me what are the statutory committees on which they have appointed Members of Parliament.

Shr S. S. More: But they are not helping you?

Shri Biswas: I have got information that there are some cases which are doubtful, and they have pointed out that these cases require special consideration, and it is just possible that some of the committees have been left out. Then, you will find that disqualification may arise not merely from membership of a body set up by the Central Government or under a Central Act. Even if there is a similar Act in a State and the committee is set up under that statute, and any Member of Parliament is appointed to such a committee, he may equally incur the disqualification. It occurred to us that we ought therefore to obtain information from the various States whether any Members of Parliament have been included in any committees constituted by them under a statute or departmentally. All this information has got to be collected, and that is the reason why more time is necessary. It will not necessarily be a question of revision of policy. It is not the present policy to exempt persons who are placed under a ban under the Constitution, but this is subject to the power of Parliament to grant exemptions in specific cases. For all these reasons we have to take time, and I can assure my hon. friends that there is no attempt on the part of Government to make that legal which is illegal. Any accusation of that sort I want to repel with all the emphasis that I can command.

Sardar A. S. Saigal (Bilaspur): On a point of information...

Shri S. V. Ramaswamy rose—

Mr. Deputy-Speaker: We have had enough information.

Shri S. V. Ramaswamy: May I know what is the difficulty about illustrating the case?

Shri Biswas: Because that is not the usual method of drafting these days. Illustrations we had in the past for instance, in the Indian Penal Code, but you do not find illustrations in modern statutes.

Mr. Deputy-Speaker: It has been given up long ago. The difficulty is that you have got to put down successive illustrations to cover all cases. There is no purpose in mentioning all these cases in the Bill. In future Bills, the hon. Member can go to the Minister outside the House, have a discussion with him on the points for a number of hours, so that I need not ring the bell here.

Shri Biswas: With reference to the suggestion that I might consult Members of Parliament informally about this, certainly I shall be glad to get the advice of the Members in the matter, and as you have said—I did not quite catch what you were pleased to say—if any hon. Member will let me have his suggestions, I shall certainly give my attention to them.

Sardar A. S. Saigal: What will be the fate of those who are Members of Parliament and who are also nominated by the State Governments in different committees?

Mr. Deputy-Speaker: All this has been answered already.

The question is:

"That the Bill to amend the Prevention of Disqualification (Parliament and Part C States Legislatures) Act, 1953, as passed by the Council of States, be taken into consideration."

The motion was adopted.

Mr. Deputy-Speaker: There are no amendments to this Bill.

The question is:

"That clauses 1 and 2, the Title and the Enacting Formula stand part of the Bill."

The motion was adopted.

Clauses 1 and 2, the Title and the Enacting Formula were added to the Bill.

Shri Biswas: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

COMPANIES BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

"That the Bill to consolidate and amend the law relating to companies and certain other associations, be referred to a Joint Committee of the Houses consisting of 49 members, 33 members from this House, namely Shri Hari Vinayak Pataskar, Shri Chimantal Chakubhai Shah, Shri Awadheswar Prasad Sinha, Shri V. B. Gandhi, Shri Khandubhai Kasanji Desai, Shri Dev Kanta Borooah, Shri Shriman Narayan Agarwal, Shri R. Venkataraman, Shri Ghamandi Lal Bansal, Shri Radheshyam Ramkumar Morarka, Shri B. R. Bhagat, Shri Nityanand Kanungo, Shri Purnendu Sekhar Naskar, Shri T. S. Avinashilingam Chettiar, Shri K. T. Achuthan, Shri Kotha Raghuramaia, Pandit Chatur Narain Malviya, Dr. Shaukatullah Shah Ansari, Shri Tekur Subramanyam, Col. B. H. Zaidi, Shri Mulchand Dube, Pandit Munishwar Dutt Upadhyay, Shri Radhelal Vyas, Shri Ajit Singh, Shri Kamal Kumar Basu, Shri C. R. Chowdary, Shri M. S. Gurupadaswamy, Shri Amjad Ali, Shri N. C. Chatterjee, Shri Tulsi-das Kilachand, Shri G. D. Somani, Shri Tridib Kumar Chaudhuri and the mover and 16 members from the Council;

that in order to constitute a sitting of the Joint Committee, the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make

a report to this House by the last day of the first week of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to the Council that the Council do join in the said joint Committee and communicate to this House the names of members to be appointed by the Council to the Joint Committee."

Now, Sir, hon. Members will recall that the Bill was introduced in the House of the People on the 2nd September 1953. It has had a long history and in one form or another it has been before the public since the end of 1949. In the Statement of Objects and Reasons the various stages through which the Bill has passed since 1946 has been summarised and I need not recapitulate on this occasion the circumstances in which the then Government of India took the decision in early 1946 to initiate an enquiry into the reform of our company law.

I would remind hon. Members that between 1946 and 1948 the entire field of company law was carefully reviewed by two distinguished company lawyers who were appointed to recommend the broad lines on which the present Act should be revised. Their recommendations were examined in the then Ministry of Commerce and certain tentative departmental views which emerged were circulated in a comprehensive memorandum to all recognised trade and industrial associations, bar associations, the High Courts and the State Governments. That brought us to the end of 1949.

Many representations on this memorandum were duly received from Chambers of Commerce, trade and industrial associations, State Governments and the general public. And at the end of 1950 the Government of India appointed a Committee under the Chairmanship of Shri C. H. Bhabha to

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go into the entire question of the revision of the Companies Act, with particular reference to its bearing on the development of trade and industry in this country.

This Committee examined a large number of witnesses in many parts of the country and submitted its report in March 1952. This report again was circulated to all State Governments, Chambers of Commerce, Trade Associations, High Courts and many other bodies. At the same time a Special Officer was appointed in the Department of Economic Affairs, Ministry of Finance, to examine the report, in the light of the views received from the interested public and to submit proposals to Government for the revision of the present Act.

The Bill now before the House is based largely on the recommendations of the Company Law Committee modified in a few particulars by the comments received from the trade and industrial associations to whom the report was circulated. Hon. Members will notice that so far as public relations go, the Bill has covered adequate ground. In a measure like the Companies Bill, however, which covers the entire field of the operation of joint stock companies, the limits of consultation and discussion can never be exhausted, and I would like to inform hon. Members that although the Bill was introduced in Parliament over seven months ago our officers have been engaged throughout this period in further studies and informal discussions with the interests concerned, and on occasions I have also participated in such discussions. I have also given some further thought to some of the issues arising out of the Bill and I propose at the appropriate stage to bring before the Select Committee any changes in the provisions of the Bill which seem to me to be worthy of consideration in the light of this further examination.

Now, hon. Members will have noticed that the Bill contains 612 clauses and

12 Schedules. I think it is probably one of the longest legislative measures in recent legislative history. But its size might be regarded as misleading unless I make a few comments.

The Bill is both, one must remember, a consolidating and amending measure. As mentioned in the Statement of Objects and Reasons, this is the first opportunity which has occurred since 1913 for the consolidation of the Companies Act. Advantage has, therefore, been taken of this opportunity to redraft the Act comprehensively. In the redraft several long and complicated sections in the present Act have been split up into a large number of shorter clauses. This is the largest single factor accountable for the increase in the number of clauses in the Bill. New clauses embodying substantial changes in the present law would hardly constitute more than a small fraction of the Bill.

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I would also draw attention to the structural changes in the Bill to which a reference has been made in the Statement of Objects and Reasons. The redraft of the Bill and the rearrangement of the existing chapters in the Companies Act in a more logical order have, I think, resulted in a noticeable improvement in the form of the Bill and I hope will facilitate the better understanding and appreciation of the scheme of the future Indian Companies Act.

Now, Sir, I pass on to some of the principal features of this Bill, as embodied in its operative clauses. I feel sure that hon. Members will not expect me to summarise in the course of my speech all the principal changes in the present Act which we have introduced in this Bill. Even if I were able to do so, it would hardly serve any useful purpose. The detailed provisions of the Bill will be duly examined by the Select Committee and it is only such a Committee that can give them the close and careful scrutiny which they need. Nevertheless, by tomorrow I hope I shall be able to circulate a list showing

the major changes made from in the existing legislation.

Mr. Deputy-Speaker: The hon. Minister just now said that he would make certain suggestions to the Select Committee for being incorporated in the measure. If he can circulate those suggestions also, it would be useful to other hon. Members who are not on the Select Committee, to consider this measure.

Shri C. D. Deshmukh: I have not quite made up my mind on all the suggestions that have reached me. I am still discussing certain things. It might be I would be able to do it at a little later state. I have also heard only some of the interests concerned.

Of course, I hope to be able to circulate a copy of my speech, in case it would help hon. Members to furnish their observations in the course of the debate. Now what I propose to do is to elucidate the basic principles underlying some of the main provisions of the Bill. These changes relate to the following aspects of the company Law:

(a) Company promotion, formation and capital structure of the companies;

(b) Company meetings and procedure;

(c) Presentation of company accounts, their audit and the powers and duties of auditors;

(d) Inspection and investigation of the affairs of companies;

(e) Formation of Board of Directors and the powers and duties of the Directors;

(f) Terms and conditions of the appointment of managing agents, their powers and duties.

In regard to company promotion and formation, the provisions of the Bill make considerable changes in the matter of prospectuses, allotment of shares, terms and conditions on which companies may be floated and the share structure of companies. The main changes concerning prospectus are contained in clauses 50 to 59, read with Schedule II to the Bill. This Schedule replaces the present section 93 of the Companies Act and greatly enlarges

the particulars that will have to be disclosed in future in a company prospectus. For example, the Bill now requires that previous consent of experts should be obtained before their views can be reproduced in prospectus issued to the public, and that in the case of companies managed by managing agents, the subscribed capital of the managing agency company should also be disclosed.

Similarly, disclosure is required of all material contracts into which a company promoter may have entered or proposes to enter on behalf of the company.

As regards the allotment of shares the new provisions are designed to improve the machinery of the new issue market.

They include the form and the manner in which an application for allotment of shares should be made and the regulation of commissions to be paid to the promoters and underwriters of the new issues. The effect of all these provisions under the general head relating to company formation is to impose on directors and others concerned with the promotion of a company a much higher degree of vigilance than is at present required of them and to place the investors in a much better position than they are at present to assess the intrinsic merits of a new issue. It is not necessary for me to argue the point whether the principle of disclosure underlying these provisions would or could adequately safeguard the interests of prospective investors or ensure sound company flotation. But I am sure all hon. Members will agree that disclosure of essential information is the first step in this direction and cannot by any means be said to impose an unreasonable burden on private enterprise or their promoters.

The most important changes relating to the next item, that is to say the capital structure of a company, are contained in clauses 79 and 82 of the Bill. They provide that in future the share capital of companies should be only of two kinds, namely, equity capital and

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preference capital, and voting rights should ordinarily be conferred only on the holders of the former type of capital. Disproportionately excessive voting rights are sought to be eliminated, except where the conferment of such rights is considered necessary in the public interest by the Central Government.

Then we go on to the provisions regarding company meetings and company procedure. They are contained in clauses 158 to 189. The general effect of these clauses is set out more precisely than in the present Act—the place, the time and the manner in which a general meeting should be called and conducted in future. I am sure my lawyer friends in the House know that the present company law on this point is a prolific source of litigation. To no small extent this has been due to the uncertainties of the present law. The provisions of the Bill attempt to remove the existing obscurities and to try and hold the scales even as between company managements and shareholders, in regard to the exercise of their voting rights in company meetings.

Two important changes in which hon. Members might be interested are that it is proposed to abolish extraordinary resolutions, so that in future company resolutions will either be ordinary or special resolutions. Also, it is proposed to increase the period of notice for general meetings from fourteen to twenty-one days.

Next we come to company accounts and audit. The provisions of the Bill on this subject and the position of auditors are contained in clauses 195 to 218. Here again the principle of disclosure is applied to require the presentation, in balance sheets and profit and loss accounts, of such additional items of information as would reveal the true financial position of a company and its state of affairs as a going concern. Unlike the United Kingdom, our law in this country has always prescribed a standard form of balance sheet. The revised form of balance sheet is set out in Part I of Schedule VI, and

the new requirements as to the profit and loss account are enumerated at length in Part II of that Schedule. The Company Law Committee's recommendations on this subject were largely based on the advice which it received from the accountancy profession. Lately some further discussions have taken place on this subject between our officers and the representatives of the profession. In due course we shall place before the Select Committee our ideas on one or two issues which, if accepted, will involve some minor changes in the provisions of the Bill. Meanwhile I should like to take this opportunity of recording my appreciation of the help and guidance which the Company Law Committee and our officers have received from the accountancy profession in formulating their proposals on this subject. These are in my view such as are calculated to promote sound financial practices by joint stock companies and also to ensure a higher standard of auditing of company accounts in future.

Then we come to clauses 209 to 218 of the Bill which deal with the appointment, qualifications, duties and powers of auditors. These provisions are intended to secure the independence and the integrity of the auditors. The two basic qualifications required of auditors are their professional competence and their integrity and independence of judgment. Hon. Members will appreciate that no law, however well designed, can ensure these qualities. But the object of the provisions of the Bill is to create conditions under which auditors would be able to discharge their statutory functions without fear or favour.

Now, Sir, I come to the very important question of the inspection and investigation of the affairs of companies. Perhaps no other aspect of the present company law has attracted so much adverse comment from the public as this one. Clauses 219 to 230 of the Bill which deal with this subject greatly enlarge the powers of the Central Government and of shareholders to ini-

tiate investigations into the affairs of companies, while clauses 367 to 377, which deal with the reliefs which a court of law can give in cases of oppression and mismanagement, introduce some new principles in company law on the analogy of the provisions of the well known section 210 of the English Companies Act, 1948. In this connection the House will recall that the Indian Companies (Amendment) Act, 1951, passed about three years ago, anticipated some of the provisions contained in these later clauses. Under these new clauses it would be now open to the Central Government not only to initiate investigations on its own motion in suitable cases but also to apply to a court of law for redress in cases where a company acts in a manner prejudicial to its interests or in a manner which is oppressive to any part of its members. The existing powers of shareholders to apply for investigation or to seek relief in a court of law are also enlarged.

In clauses 231 to 234 power is taken under certain circumstances to investigate the ownership of shares in a company. In such cases an Inspector is given power to call for and obtain such information as he may need, not only from the companies concerned but also from the related managing agency firms or companies, and also from companies under the management of the same managing agents. Some recent cases have exposed the inadequacy of the powers now conferred on Inspectors and demonstrated the necessity for the enlarged power now provided for in the Bill.

Now I pass on to another set of controversial issues, namely, the provisions relating to directors and managing agent. Clauses 236 to 306 which deal with directors are designed to ensure, firstly, the constitution of independent Boards of Directors consisting of representatives of the management as well as the shareholders but without dominance of the former over the latter; secondly, the selection as directors of active individuals who can devote sufficient time

and thought to the working of the companies which they are supposed to direct; thirdly, the adequate exercise of control by directors over managing agents where the day-to-day management of a company is in the hands of the latter; and, fourthly, the prevention of misuse by the directors of the powers which they are entitled to exercise on behalf of a company. Past experience has shown that some control is needed over the exercise of some of these powers, namely, the power to make loans, the power to enter into contracts, the power to sell, lease or otherwise dispose of property, the power to remit or extend the date of repayment of debt and the power to borrow on behalf of the company. The House is not unaware that some of these provisions have already given rise to acute controversy and it has been argued on behalf of the management that they unduly restrict their initiative and enterprise and may in the long run prove to be detrimental to the interests of the companies themselves. To what extent these fears are justified will depend on the view one takes of the detailed provisions of this Bill relating to these matters. I do not like to anticipate the recommendations of the Select Committee. But, I am sure that I shall have the support of the House in saying that nothing is farther from the thoughts of any one here than to impose unnecessary restrictions on *bona fide* business. Our proposals on this subject have been formulated only to prevent abuses and malpractices and not to hinder sound and honest management of companies. I am always prepared to give further thought to representations on this matter. Of course, I hardly need assure the critics that I shall welcome the fullest considerations of this and I hope that the Select Committee will be able to give that consideration.

I mention in passing two other provisions in the Bill relating to directors which have received prominence in the current discussions quite out of proportion to their importance in the scheme of reform envisaged in this

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Bill. I refer to clause 258 relating to the age limit of the directors and to clause 253 relating to the number of directorships which a person can hold. Clause 258 follows very closely the provisions of the English law on the subject, while the limitation of the number of directorships which a person can hold to 20 is intended to ensure that adequate attention is paid to the affairs of the company by these directors. The *pros* and *cons* of these issues have been fully set out in the report of the Company Law Committee and it will be for the Select Committee to weigh them carefully in due course, in the light of such guidance as the House gives now, and to make recommendations.

Clauses 307 to 359 of the Bill deal with the terms and conditions of appointment of managing agents, their remuneration, powers of managing agents *vis à vis* directors and the powers and duties of the managing agents in regard to borrowing, loans, contracts as well as purchases. The object of the proposed reform is to prevent widespread abuse of the powers conferred on the managing agents on these subjects which took place all over the country, more particularly, since the commencement of World War II. I am sure, all of us will agree, irrespective of our attitude towards the managing agency system, that these provisions are of key importance in the scheme of reform envisaged in this Bill. Government are in agreement with the unanimous view of the Company Law Committee that in the present economic structure of the country, managing agency will continue to have its use for some time to come and that cleansed of the abuses and malpractices which have disfigured its working in the recent past, the system can yet prove to be a potent instrument for tapping the springs of private enterprise. This view is not based only on history and tradition, but on an objective assessment of the present structural organisation in our trade and industry and the obvious gaps in our institutional set-up, particularly, in the closely related fields

of company investment and company finance, gaps which it will take some years to close. It is therefore of the utmost importance that the system should be purged of the evils which have crept into it as early as possible so that it can play a worthy and useful role in the future development of the private sector. Here again, as in the case of directors, the problem before the House is one of striking a balance between the admitted case for regulation and control and the need for preserving the initiative and resilience of the honest managing agent. This is not the place to go into the details. But, by and large, the provisions of the Bill under this head embody, in our judgment, a reasonable compromise.

I shall not take any further time of the House with the other provisions of the Bill, important as some of them are, to, the future of corporate activities in this country. But, hon. Members will expect me to say a few words about our plans for the administration of the Companies Act in future. Mr. Cohen, Chairman of the Cohen Committee in the U.K., himself a great authority on commercial and mercantile law in the country, once observed that no modern system of Company law can be satisfactorily administered except through a strong and competent civil service, for, it was of the essence of any such system that effective powers must be given to the executive and a large measure of discretionary authority must of necessity be vested in the organisation responsible for the administration of the Companies Act. I share these views and I am therefore fully seized of the importance of building up such an administrative organisation. The Companies Bill makes no special provision on this subject except to provide in clause 568 that the Central Government may for the purpose of registration of companies under the Act appoint such Registrars and Assistant Registrars as it thinks fit. Government have, however, already accepted the recommendation of the Company Law Committee that the

Central Government shall resume this responsibility for the administration of joint stock companies which it had delegated to the State Governments. This was the first necessary step in this scheme of our reorganisation. But, it was explained in the Statement of Objects and Reasons that although the Company Law Committee had recommended the establishment of a statutory authority at the centre, under the new Act, for the administration of the company law, and for the discharge of other related functions, for instance, capital issue control, regulation of stock exchanges, when a Central measure for this purpose was passed, Government considered that for the time being, at any rate, it was desirable to set up an organisation directly under the administrative control of the Government and to defer the conferment of statutory status on this organisation to a later date. In pursuance of this decision, a Central organisation has been set up under the Department of Economic Affairs. This organisation will have regional offices in important centres of trade and industry and will be in over-all charge of the administration of the Companies Act through its regional offices. The Registrars of Joint Stock Companies will be under the direct control and guidance of this Central organisation. This organisation is now in the process of being built up and it is my hope that when it is fully established, it will constitute an important administrative reform and will be a major step in strengthening and improving the administration of the Companies Act all over India.

I would repeat that the hurried review of some of the principal changes introduced in the Bill which I have made does not attempt to summarise all the important provisions of the Bill. It is only a bird's-eye view of the nature and scope of the reform contemplated in the Bill before the House. The objects underlying this reform were succinctly set out in para 16 of the report of the Company Law Committee. I can do no better than draw the attention of the House to the

observations of the Committee. They said:

"Company law is primarily concerned with means and not ends. It attempts to provide a legal framework for the corporate form of business management in which organisation, capital and labour are brought together in a particular form of relationship which constitutes the essence of private enterprise. The operation of private enterprise under modern conditions must, however, be subject to the acceptance of certain broad social objectives and of some recognised standards of behaviour."

In the words of the Planning Commission, again, private enterprise has to visualise for itself a new role and accept in the larger interests of the country a new code of discipline.

In this view, the basic problem of company law is to consider to what extent it is possible to adjust the structure and methods of the corporate form of business management with a view to weave an integrated pattern of relationship as between promoters, investors and the managements, so that the following ends may be secured: (1) the efficiency of corporate business may be increased as measured by accepted standards, (2) managerial efficiency may be reconciled with the legitimate rights of investors, and (3) the interests of creditors and other partners in production and distribution may be duly safeguarded and (4) the attainment of the ultimate ends of social policy, including labour relations, may be helped and not hindered by the manner in which the corporate form of business organisation works in this country.

Hon. Members will appreciate that the fundamental problem underlying the Bill is thus a problem of balancing private and social interests—a problem which is never easy of solution, and in the case of company law, has been rendered more difficult by the complicated nexus of relationship which has been built up over the years between the

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promoters, the investors and the management of a company.

It will be easy enough to take one particular position in this grouping of interests and then try and pick holes in the Bill from that point of view, but at this stage in the consideration of the Bill when we are concerned with the basic principles underlying it, I would venture to suggest that we should constantly bear in mind the wider perspective in which the Bill needs to be viewed. We should not at this stage, at any rate, forget the wood for the trees. At a later stage we shall have ample opportunity of going into the details of the Bill, Clause by Clause. I would, however, suggest to my hon. friends that if at a later date they feel that in some matters the Bill has not gone far enough to safeguard the social interests and company management, it will be for them, not merely to point this out to me, but also to suggest to what further extent it could have gone without tilting the scales too much in the other direction. Similarly, I would ask hon. Members who may have a different point of view that it would not be enough to say at the appropriate time that some provisions in the Bill unduly restrict the freedom of promoters and management. It would also be necessary for them to show which of these provisions can be suitably amended, so that such freedom can be much better reconciled with the requirements of our economic and social policy.

I do not claim that the Bill as a whole, much less some of its provisions, will not bear further scrutiny and examination. Indeed, as I have said more than once, I am looking forward to the Select Committee in due course to help us with its guidance and, after hearing all interests concerned if they deem fit, to indicate to us specifically how best we can achieve a better balance between the private and the social interests. Since the issue of practical policy is to determine how the unsocial elements in business management can be controlled without

unduly restricting the freedom of enterprise of legitimate business, I venture to think that it will be possible for all of us to get together regardless of our ideologies and to make a worthwhile contribution to achieve the limited object before us. In any case, it is of the utmost importance that we should do all we can in this House to expedite the progress of the Bill.

The Bill is the first comprehensive attempt, after prolonged investigation and deliberation, at a basic reorganisation of the private sector of our economy. Too often in the past we have complained in the Legislature and outside it of anti-social activities in the private sector. Critics have not been slow to point out how its present disorganised state makes it difficult for it to fulfil its assigned role in the economic development of the country. Now that this comprehensive effort to reorganise the private sector has been made, it is up to all of us in this House to assist in the fulfilment of this effort within the shortest possible time, and I am sure I can count on the fullest co-operation of all sections of the House.

Shri Joachim Alva (Kanara): Before you put the motion to the House, may I suggest that the names of two other men who are able and can make more constructive suggestions—Dr. Lanka Sundaram and Mr. Tek Chand—may be added on to the Committee?

Mr. Deputy-Speaker: A suggestion has been made. But I shall first place the motion before the House.

Motion moved:

“That the Bill to consolidate and amend the law relating to Companies and certain other associations, be referred to a Joint Committee of the Houses consisting of 49 members, 33 members from this House, namely Shri Hari Vinayak Pataskar, Shri Chimanlal Chakubhai Shah, Shri Awadeshwar Prasad Sinha, Shri V. B. Gandhi, Shri Khandubhai Kasanji Desai, Shri Dev Kanta Borooah, Shri

Shriman Narayan Agarwal, Shri R. Venkataraman, Shri Ghamandi Lal Bansal, Shri Radheshyam Ramkumar Morarka, Shri B. R. Bhagat, Shri Nityanand Kanungo, Shri Purnendu Sekhar Naskar, Shri T. S. Avinashilingam Chettiar, Shri K. T. Achuthan, Shri Kotha Raghuramaiah, Pandit Chatur Narain Malaviya, Dr. Shaukatullah Shah Ansari, Shri Tekur Subramanyam, Col. B. H. Zaidi, Shri Mulchand Dube, Pandit Munishwar Dutt Upadhyay, Shri Radhelal Vyas, Shri Ajit Singh, Shri Kamal Kumar Basu, Shri C. R. Chowdary, Shri M. S. Gurupadaswamy, Shri Amjad Ali, Shri N. C. Chatterjee, Shri Tulsidas Kilachand, Shri G. D. Somani, Shri Tridib Kumar Chaudhuri and the Mover,....."

What about those two names? Hon. Minister might consider.

Shri C. D. Deshmukh: This list has been made up with the advice of the Minister for Parliamentary Affairs after a great deal of deliberation. The hon. Members whose names he suggested are very valuable Members, and I have no doubt that in due course they will be able to make their contribution. It is not possible to include names suggested like this, especially when one belongs to the party and the other belongs I think to the Opposition.

An Hon. Member: Independent.

Mr. Deputy-Speaker: Unattached group.

Shri C. D. Deshmukh: Now, there is a kind of proportion maintained here between party members and unattached groups, and each independent group has been asked what their nominations are.

Mr. Deputy-Speaker: Also between this House and that House I believe.

Shri C. D. Deshmukh: As between this House and that House too. It is very difficult now to make any change.

Pandit K. C. Sharma: (Meerut Dist.—South): It is a bad procedure, too.

Shri Tek Chand (Ambala-Simla): If it is no discourtesy to my learned friend, I beg to be excused because, in view of the length of the measure, I may not be in a position to lend such services as might otherwise be possible.

Shri Ramachandra Reddi (Nellore): I would like to know the procedure that has been followed in selecting these names. I know that groups have been advised to send a panel of names, but I am sure that the advice has not been taken properly. I would like to know from the hon. Minister for Parliamentary Affairs exactly the principles that have been followed in the selection of these names to the Committee.

Mr. Deputy-Speaker: I do not know. I can only ask the Mover, so far as the Mover is in the picture here.

Shri Ramachandra Reddi: But he referred to the name of the Minister for Parliamentary Affairs.

Mr. Deputy-Speaker: That is all right. That Minister will take notice of this and will explain to the House.

I shall complete the placing of the motion.

"...and 16 members from the Council;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the last day of the first week of next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to the Council that the Council do join in the said Joint Committee and communicate to this House the

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names of members to be appointed by the Council to the Joint Committee."

There are 32 Members excluding the hon. Mover. Normally, the practice is not to call on any of the Members included in the Select Committee to take part in the debate except on exceptional matters which need not be left only to the committee but must also be discussed on the floor of the House. I will consider such exceptions. But normally, hon. Members whose names are in this list will kindly not stand up and put the burden on me of finding out whether the name is in the list or not.

Shri Heda (Nizamabad): rose—

Shri Vallatharas (Pudukkottai): I have got an amendment.

Mr. Deputy-Speaker: Yes. He may move his amendment.

Shri Vallatharas: I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st July, 1954."

Mr. Deputy-Speaker: I thought the hon. Member did not want to make a speech.

Shri Vallatharas: I am very serious on it.

Mr. Deputy-Speaker: Then, he must have continued.

Shri Vallatharas: I shall continue now.

Mr. Deputy-Speaker: The practice is this. Whenever notice of a motion is given, the Mover moves that motion and then makes his speech. In this case, the hon. Finance Minister had given notice of a motion for reference of the Bill to a select committee; he made his motion and then spoke; thereafter, I placed the motion before the House. Likewise, whoever moves an amendment should make his speech after moving it, and then leave it to me to place it before the House.

Shri Vallatharas: I am submitting this amendment for eliciting public opinion. When I saw the notice of the motion of the hon. Finance Minister for reference of this Bill to a select committee, I thought very much over it. Ordinarily, this is a stage in which the best of our opinions are expressed only for the guidance of a future formulation. I read the Statement of Objects and Reasons very carefully, tracing from 1946 up to 1952, the various stages in which the consideration of this matter had taken place; of course, these are fully known to us.

In 1946-47, two expert lawyers who were entrusted with this business, had submitted their reports. The first lawyer had not done it completely, but the second lawyer had done it fully. Government had printed a memorandum thereafter and sent it to the State Governments and certain selected industrial concerns and interests for their opinion. It was not at all a circulation for public opinion, in the sense in which it must be considered, so far as our parliamentary business is concerned.

I understand that several hundred pages of printed matter, containing opinions came from all directions, both called for and uncalled for; and how they were considered by Government is a matter of secret to Government themselves so far. In 1948, the report of the Cohen Committee of the United Kingdom was available. In 1950, the Company Law Committee in question was appointed. In 1952, they submitted their report. Thereafter, in 1953, this Bill was placed before us.

[SHRIMATI KHONGMEN *in the Chair*]

The hon. Minister referred to certain opinions elicited from State Governments and other places. But the provision for eliciting public opinion implies that Parliament Members must be made to know the exact opinions which are available from the nation. All the opinions that were received from the private as well as the public bodies should be printed and placed before Parliament. A copy of that should be in the hands of hon. Members, so that

they may study them, and then offer their best opinions. But now the Members of Parliament are not in a position to know what the opinions that were received during the last seven years are. This is my first point.

If Government ask us to place complete and absolute faith in them, I do not dispute their *bona fides*. But my point is, that we, the Members of Parliament, want to know what those opinions are. If Government want to rush through this legislation, I do not say that they want to rush through with a view to avoiding us but on the other hand, things have happened in such a manner that so much of time is taken up before a matter comes on to the preparatory stage. For the last eight months or so, this Bill has been pending before us, and if it had been the interest of Government to see that on this important matter of an all-embracing nature, and of very great future substantive concern to the nation, the opinion of the whole nation must be made known to Parliament Members, an opportunity must have been taken earlier to see that the Bill was circulated for eliciting public opinion thereon. Now, I have got a conception of the abuses existing in the practice of the existing company law. Those abuses are too many, and they ought to be condemned at the earliest possible instance. If the hon. Minister pleads that because it is too late already, we should see that no great time is taken and that the Bill must codify the law very soon, I agree with him. But he does so with a reservation which is peculiar to government procedure in a democratic government.

Without going into the details, I would like to submit that this company law is a very technical subject. The hon. Finance Minister had some time earlier observed that the interest in the company law will naturally be confined to a few lawyers, and especially to the very few who have got some experience of the company law or who are experts in it. If that is his conception, I do not feel any grievance when a criticism is being levelled at, that this Companies Bill as it is, is a bureaucratic pendency imposed upon a democratic Parliament.

Some of us here are lawyers, but many of us are laymen, and many of us are coming out of the regular mass itself; and how are we to understand the implications of your law? You are a Government appointed by us with popular will, and therefore, you must make the law popular, easy, and simple to understand, and not make it a Vedic secret and make the interpretation of the law very difficult. I am a lawyer, and I was able to follow your speech, because I had studied this matter a bit before. But how can you expect the other hon. Members to follow it?

When a general decision is given on a matter of such vital importance as this, we must know how the nation receives it, and it is only with that view that I have moved this amendment of mine. I also want to submit on this occasion that in cases when comprehensive Bills of a very vast and far-reaching importance concerning the future interests of the nation are brought forward, the first question that should be considered must be whether it must be circulated for eliciting public opinion or not. There is no question of waste of time in circulating it for public opinion. I have been happy to hear that this Government is a poor man's Government, for the poor man; the poor man must pay, and the poor man must bear the burnt of it. Nobody can say at this stage that the common man in this country can ever build up his edifice of prosperity upon the concessions of capitalistic interests in the country. We want to build our interests upon our own strength. So, whenever the private sector begins to operate under the first Five Year Plan, the second Five Year Plan, or any other plan it must be financed by the capital of the common man and not that of the capitalists; the poor man and the middle-class man must contribute his capital to build up the private sector, to the total exclusion of the capitalist interests. But as it is, the joint stock enterprises in this country have been built up largely out of the contributions made by the capitalists. This law is only to regulate the form in which the capital so far entrusted by

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the capitalists will be promoted and managed. There have been so many abuses so far, and it is our desire that they should be condemned at the earliest possible instance. We want to build a fortress for the common man against the capitalists that have been operating in this country so far. They have managed to build a fortress for themselves so far; and this we want to be lowered at the earliest possible instance. In view of these considerations, I am not against any of the provisions in this Bill. I am one with you in regard to the reasons for introducing this Bill, and for having it enacted at the earliest possible opportunity, and for seeing that the design is made so complete that no loophole is left for any abuses, and the private sector will be worked with the greatest possible efficiency. So, if this legislation is not going to succeed in the manner envisaged, certainly, there will be a collapse in the working of the private sector. So, feeling the grave importance of this legislation, I wish to submit another point. This Bill, just like the factories law that we dealt with yesterday, is only a copy of the English law. It needs no originality to copy an alien Act, or the principles laid down by an alien law. When the Englishmen entered into this country, they were businessmen, and they introduced the company system here, so that they could loot the country and the internal resources in the country as much as possible by exploitation and other commercial means, by introducing managing agencies etc. So, when a company was to be formed, originally, there was not the legal requirement by law that directors must be appointed or that a Board of Directors must be constituted; it was just enough that a managing agent or a manager was put in charge of the business of the company. But the Englishmen were not able to find an adequate number of efficient and competent industrialists to be transferred to this country to manage the British capital invested in their industries here. So the first stage was the con-

ception of company law, the conception of joint enterprise, the conception that it must be managed in this way or that way; this was introduced by the English concerns in this country. Later on came the necessity that Board of Directors must be constituted. The managing agency system was introduced by the British businessmen. They wanted to exploit the resources of this country, not to build the national strength and stability of this country. So we must look at it from that background. As it is in England the Cohen Committee made recommendations. The Act of 1929 was comprehensively revised. So this Government had also felt in 1946, 1947, 1948 and 1949 that the company law in this country must also be revised on the basis of the English law. So inspiration was drawn, in the post-war period from the English statutes, the activities of commercial people and industrialists in England. We are now copying that structure; it is not of our own original genius; but the structure that was already in existence arising out of the necessities of the British. We are simply copying that, as a matter of fact, the super structure, not the foundation itself. In 1946, 1947, 1948 and 1949, there was not the conception of the planned economy which must strictly form the justification for our conception in this country. In the year 1950 when the Bhabha Committee was constituted, people might have got some idea. But even after three years of the Five Year Plan, it is very difficult for many of us to have a proper conception of the internal structure of the planned scheme itself. In 1950, they wanted these people to have a proper conception of the structure; but it is too much; in an immature age. As a matter of fact, one critic had observed that this Bill, this legislation, was thought of at a very very confused time; it must have been brought in a cooler moment, in a normal time. But apart from that, the Bill is before us. Now, we have got a planned economy. There is justification for the existence of these enterprises. Even according to the Planning Commission's observa-

tions, which the hon. Minister was pleased to refer to, the private sector has a place. So the private sector and the public sector are the two important elements in the constitution of the Plan and industrial development depends upon these two factors. Now, Sir, 2 per cent. of the national income is invested in these enterprises of the private sector—I speak subject to correction. Would you be satisfied with this investment? Won't you like the public to come forward, just as you have invited the public to contribute to the National Plan Loan, and become shareholders in some enterprise or other? In that way if they give their wealth for the establishment of these enterprises, there is a chance of a democratic touch being given in the establishment of industries in the private sector. We are not having the voice of the common man. The voice will be predominantly that of the so-called stock industrialists, if I may put it like that. Some people in this country may say: 'I have got experience of industrialism and commerce during the last 25 years or 50 years and there are only a few people like that' and they at once say industrial leadership is very meagre or very weak. Unless you give a stimulus by which the people can come forward and be in constant touch with the movement of things, how can you expect the popular background to get itself stimulated? It is only in that way that it can be done. When such an important and comprehensive legislation is brought forward touching the welfare of the nation totally, it is always desirable that it should be submitted for public opinion so that we may be able to know their opinion. Now, you have got a few opinions of industrialists and of some State Governments. The lawyers and judges are a very important section in this atmosphere. They are the people who are directly concerned with the working of this law; their opinion should have been expressed. I do not know what is the quantum or what is the quality of the opinion that you received in the year 1949 or 1947. Simply because two expert lawyers have made their

recommendations, it does not mean that the whole thing is perfect. I do not say that it must be altogether absurd or weak. But we want to know all opinions. Now the business class has not only become enlarged; it has become very potent in the country. The middle-class people and even the lower middle class people have entered into business in a large and extensive way so that much of their money is invested in Industry. So their opinion is very important. It is on these two grounds that I submit that this Bill should be circulated for public opinion. But I leave it to the Minister because if in such an important matter he feels that there should be no delay, I do not stand in his way. But my grievance is very strong in this matter because the Government has always been lethargic, and a bit indifferent also, in the initial stages when they wanted to formulate legislation. It has been lying for over 8 months. What would be lost if it lies for two months more? The whole country's economy is not going to be upset. But that is not the view I am taking. There must be a certain cautiousness, foresight and insight into this question. We have been seeing everyday, in regard to the efficiency of Government officers and these experts, how pitfalls arise out of confusion in the minds of these experts. It is not as if we are distrusting the administrative agency, but on the other hand, we want to assert our rights that we must be put in possession of all the necessary and relevant matters which according to the law and convention, must be available to us. So in this matter we are not satisfied by your saying that public opinion was received. That was inadequate, a farce of a public opinion. Public opinion must be in our hands; we have no public opinion now. Now, you are sending this Bill to a Select Committee; they will make some prunings here and there, because the foundation is not ours, the growth is not ours, but the present control is ours. That is the only thing. It must be considered from the background of a planned economy. So it is desirable in future cases that

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the question of circulating any comprehensive Bill for the consideration of the public must be taken up. If it so, the Government may be able to know what they feel and Parliament Members also may know.

Coming to the merits of the law, I will only touch on one aspect. This Bill is too much. One cannot drive his eyes from the first page up to the 325th page. All these things are really frightful. Of course, we are going to give our consent to this, because we believe in you and in the necessity and utility of this Bill. But this is not the way a democratic Parliament must be treated. To make a law easy and simple is a process which must engage the psychological morality of the law-drafting section itself. If they think they are great experts, the language also will be expert language. If they think that it should be easy for the public to understand, the language will be easy for the public. I can redraft this Bill in simpler language; I can get some of its provisions deleted. In regard to managing agency, from 307 to 359—52 sections—are added, whereas in the previous law it was only 9 sections. I may see the necessity coming up, but on the other hand, imitation is the very greatest danger possible. I will have to attack the report and the authors of the report as well as the Bill for this reason, that much of their concentration has been on how to avoid all possible loopholes that have been found so far. Their eyes are concentrated on the already existing literature—of the Cohen Committee or of the African Inquiry Committee or of the Canadian legislation or of the Australian legislation. Suppose there had been some originality in this, it would have been simple and also to the point. But here we have introduced the precedents, laws and policies of the other countries in this matter. The volume has swelled up. I cannot imagine how this Government can swell this like this. It is a bloated mass of rank unwieldy woe. The common public cannot understand it. No person can understand it except the ex-

pert, the lawyer or the expert of age-old industry. As it is, it is not understandable to the poor man. I would request the Government to look into this matter of the simplification and codification of language and the ideas sought to be imposed upon it from this point of view.

So far as the managing agency system is concerned, one beautiful thing has been done. But, even though we are condemning it, even though you are blasting it by 52 sections or even by 200 sections, you are not going to put an end to the evils of the system. In my humble opinion, I must say that it is absolutely necessary that the managing agency system must be eliminated from private enterprise in this country. Of course, I heard the Finance Minister saying that the Law Committee had recommended that this system must be continued. I cannot imagine the reason, the utility...

Shri C. D. Deshmukh: I did not say 'Law Committee'. 'The Expert Committee on the amendment of the Company Law'—that was what I said.

Shri Vallatharas: I am sorry. That is the committee I was referring to—the Company Law Committee. So when I read it, I was pervaded by a feeling that the law was not original. When I want to argue a case and convince the judge as to what should be done or what should not be done, I simply go and run over the pages of Digests and case laws and say 'An American judge has written like that, an English judge has written like that; so you do like this'. I never argue: 'This is the original interpretation. I am putting according to my commonsense; I take the conditions in my country and the psychology of my people'. It is not in that way that this is approached. So they wanted all possible loopholes to be plugged. What are the possible loopholes? As you find stated in the Cohen Committee report. What are the loopholes in this country? Sir, the people of our country are inexperienced in industrial development, the people of our country are inexperienced.

in accountancy, the people are inexperienced in business. All these people had been placed during the second World War in control of large movement of trade and commerce. So whatever came, they began to loot. What is the unnatural thing about it? Black-marketing has become the regular order of the day since the last 8 years in the government and its departments and what have you done during the last four or five years by your leadership? So the war was the reason. So in that way, fraud, dishonesty, betrayal, treachery and everything appeared. That was the basis on which these abuses developed. And who are these managing agents? They are not angels coming from above. They are ordinary men who are placed on a particular pedestal. So, even before the war ended, in 1945, the Government was shocked by the abuses. Did the Government lose its breath by the abuses which were existent even in its own internal administration? Why should you forget that particular moment? You should have thought of these abuses. The managing agency system has been so bad that it has been criticized much. Once you place the Agents in managements, in power, they wield great power, and others are to turn to them. If we go to you, a Minister, who is one of our members, we talk with you about some subject. You are in power. Suppose you express a bit hotly. We feel nervous. This is all human weakness. If it is found everywhere, even from Member to Member, with the change of events and circumstances. If the managing agents are in direct management of the company under, say the supervision and control of the directors, the managing agents could dominate very well. But what is happening now? What are these directors doing? It is only sharing of these spoils of the company that is being done by the directors as well as the managing agents. These directors are just recommended by the managing agents. They are not independent people. There is only a pretence of their being elected by the shareholders.

But they are really the vested interests of the managing agents. They are the people who manoeuvre in the elections. What did the managing agents do, on the other hand? They had forced these directors to declare false dividends excessive dividends. They never cared for the company. In that way, the directors submitted to the influence of these managing agents, and declared false dividends. Many companies became bankrupts in this way. Whether it is accountants or auditors—even they were appointed by a resolution of the committee. The nominations were all manoeuvred by the managing agents. So, even the auditors, who hold a vital place in the whole machinery,—they are the pivots in the machinery—come through manoeuvring of the Agents. And yet the auditors who are expected to be independent act under the influence of the Agents. Further there is always friction between the directors and the managing agents, in spite of all this. Every section, every aspect and every point in the entire machinery of the Company Law bristles with so many doubts and difficulties, so that there is always friction between the controller and the man who exercises the right of management. How are you going to anticipate that the director is going to be a high, superior type of human being, to be evolved during the course of this year 1954? How are you going to ensure that the managing agent will be endowed with a high sense of superiority and integrity—to be like a *sanyasi*, with the greatest detachment from pecuniary gains. These people who have cheated the public so far will again continue to cheat them. Any amount of sincerity and any amount of your restriction on them will not meet with happy results. How can you prevent such things being committed by people who are prone to do it? How can you control them? You have heard stories of Vikramaditya, where we are told that a prostitute will continue to be so for all time. You cannot change a professional prostitute and her wicked mind. Even if you put a habitual thief in jail for 15 years, as soon as he

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comes out, he will indulge in his old deeds. I have got a very bad conception of this managing agency system.

Mr. Chairman: I very much appreciate the hon. Member's enthusiasm and his concentration on the subject. But I shall appreciate him even more if he addresses the Chair, as he ought to.

Shri Vallatharas: Thank you, Sir.

Shri A. M. Thomas (Ernakulam): Say, 'madam.'

Shri Vallatharas: Yes. Man includes woman. So 'Sir' includes 'madam.' I am very sorry.

Mr. Chairman: I am sorry to have embarrassed the hon. Member!

Shri Vallatharas: Madam, we are dealing with some trained people of two decades' experience. I have got a very great glamour which amounts to a sort of madness, so far as my love and attachment for the Finance Minister are concerned, because he wants all the 36 crores of people to assume that they should have that degree of superiority and constructive mentality as he himself possesses. I would like to suggest to the Members on that side—because we do not possess such a quality—to bring a Bill just like the one Sterilisation Bill which was brought in this House some time before, a Bill to say that children of a lesser intellectual calibre than that of the Finance Minister or some other should not be born in this country. Or else, what is the meaning of this bulky hard legislation, the language and import of which is very difficult to understand. It is pooh-poohing the public.

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So, it is not at all going in the proper manner. How are you going to expect from the people that they would co-operate with the Government in bringing to book these time-honoured and traditional system of the managing agents and their directors? That is the position. If you have got

the co-operation of the people, the thief will be caught. But our policemen will not be able to do it. How many theft cases have been detected in Delhi? I know there are a few cases of theft, where certain people caught hold of the robber and took back the money and sent the thieves away! The co-operation of the people is an important element about which the Government has not cared to study. Please excuse me for using such a language. So, in his sense, the managing agency system which has led to so much of abuse during the war years, is sought to be continued in this Bill. What do you expect from it further? One of the critics very recently said that these frictions and scope for conflict between the supervisory board of directors and the people who are placed in actual management, that is, the managing agents, are not good. One man says that so long as this law remains, it is a paradise for the lawyers, because there is always a conflict between the managing agents and the public. Do you mean to say that this view is absurd, or, it is not to be considered? I see some meaning in it. So, I submit that the Government, from this moment, must abandon their idea to retain the institution of managing agents. It is a system which was brought from the British people in order to escape from a sort of scarcity of trained industrialists to be placed in charge of the capital invested in British India. Now it is our capital, and even if it is abused, so to say, it comes back, in some form or other, to the person who needs it for national purposes. This is the view which the committee must have taken; but it did not take that view.

One point more. The Government will see that they should not have so much of faith in the recommendation of the Law Committee in respect of the managing agency system. They must now prepare to find out a proper substitute for the agency system. If that is done, so much of criticism, which is launched against this Bill, can certainly be met.

Lastly, I shall refer to the resolution of 1950 which appointed the Company Law Committee. There were two terms of reference. You know the first term of reference in the resolution is about the design of management. The design of management is sought to be made perfect. Look back over the past seven years. The greatest effort of the people engaged in reviewing the company law had picked up section after section and precedent after precedent from the English Law and put them in this Bill just to plug the holes. Loopholes may arise, and I am not worried. The second term of reference is this:

"Consider and report any other matter incidental to the administration of the Company Act, in its bearing on the development of Indian trade and industry."

I feel that the Committee had not considered the second term. If it is considered, I would like the hon. Minister to inform this House as to how that term had been complied with by the Committee. The Committee was working under four limitations. The authors of the Bill have not made any exceptions to the Committee's report. So, I have to say that all the limitations that were attached to the Committee's report attach also to the present Bill. The first limitation is:

(i) A statistical assessment of the role of the joint stock companies in the economic development of the country was not available to the Committee. The preparation and utilisation of the statistics was left for the future.

This task is left over by the Committee to the future research. The Committee says that they were precluded from making an attempt in this direction by shortness of time and inadequacy of data. I need not emphasize the importance of the statistical assessment of the role of joint stock companies in the economic development of the country. So, the Committee had not had the advantage of working its own recommendations on the basis of statistical assessment of the role of joint stock companies.

The second limitation was:

(ii) Specific problems of economic policy were left off without consideration as being outside the purview of the Committee.

So, the question of planned economic policies relating to it and the resolution on industry which was passed in 1948 which specified the industrial policy of this country were not considered. They are on the records. I understand that this Committee had not devoted any attention towards analysing those policies and applying them to formulate their recommendations.

Thirdly, the Committee exclusively concerned itself with the structural and procedural improvements under item (i). To put it in a student's or a layman's language, it was a totally *Ee adithan* copy. Suppose a person attempts to copy the contents in a paper. Accidentally a fly that sat on it was beaten and it struck dead to the paper. The person who copies the contents draws a diagram copy of the dead fly also. Without understanding that it need not be copied. That is a faithful type of copying!

An Hon. Member: Will you repeat it?

Another Hon. Member: We have not been able to understand what he said.

Shri Vallatharas: 'Ee' is a fly. A fly that has been killed on the paper is sticking to it. Some other man who wants to copy the writing in the paper i.e., that is written on the paper goes on copying the impression of the dead fly also without knowing what it is. (*Interruption*)

Shri N. C. Chatterjee (Hooghly): What is the Tamil for it?

Shri Vallatharas: *Ee adithan* copy. The man who copies not only the writing but also the fly that was sticking to the paper.

Shri Algu Rai Shastri (Azamgarh Distt.—East cum Ballia Distt.—West): *Makshika sthane makshika.*

Shri Vallatharas: That is how the English law, policy, precedents and all are all copied exactly and embodied in these 612 sections. Are we to be enamoured of the bulk; are we to be enamoured of the quantity? If another bill, a consolidating bill were to be brought ten years later, then it will be twice or thrice this. I think people who have learnt much and who have got degrees in the English language should know how to use that language. I would request Mr. Chatterjee to say whether all these 612 sections could not be reduced to at least 300 sections. Precision is the better part of knowledge. So, nothing beyond copying work has been done by the Committee and nothing but copying the Committee's report has been done by the authors of this Bill.

(iv) Problems of industrial management and industrial relations having direct bearing on the development of India's trade and industry *vis-a-vis* the basic economic logic under term II have no influence to shape or to adjust the structure and management to achieve the desired end. So the Company law is a new mechanical device to define and regulate the relationship between the shareholders and directors and managing agents and nothing more.

There are a great many things to say but I am not going to enter into them. There are four days before us and there are lawyers and others who will speak on this. So far as the poor man in the country, the man who is desirous of democratising capital and vested interests in this country, the man who wishes that the democratic opinion takes charge of the investment of capital and the management itself is concerned, I am inclined to say that there are very serious defects which must be looked into from a different angle altogether. Having said this much, I will wait till the end to see whether I should withdraw my amendment or not. When the hon. Minister tables a resolution we know what it is. Supposing he wants to persist, he has a strong majority. It is not that fear or apprehension that I have. Whatever must

be told must be told on the very face. That is why I say these are things which we feel. There are thousand and one odd things. This is only one link in the chain of grievances which can be brought out in respect of this Bill. If we have 612 clauses, multiply it by ten, we will have 6120 grievances. As the volume grows the evils also increase in quality and quantity to that extent. This is not a proper Bill at all; this is not the way in which the managing agents and directors are going to be controlled. The Finance Minister said that this is a poor man's government. We should try to see that it really is a poor man's government. We have seen democracies saying that racial discrimination should end and when the time comes, when the real situation comes for the abolition of discrimination these very countries come and say we should not. This is not the way in which legislation should be done. If really it is the poor man's government, then the poor man must invest, the poor man must manage and the capitalist must be diluted. From that angle we must look at the management of the joint-stock companies in the private sector. The private sector is the most potential sector in this country which is going to establish the strength of the nation for the future welfare state. This cannot be done without the private sector coming up to this level. Certainly, the capitalist interests are not going to advance the progress of this country any further. Probably they may come up from 0.2 per cent. to 0.4 per cent. If a Bank puts in Rs. 10,00,000 or so in the National Loan, it is not an indication of the popular man's support. On the other hand, if you get about Rs. 1,00,00,000 from the National Savings Certificate, it is certainly an indication of the poor man's co-operation. This Bill shuts out the common man, this shuts out the lawyer, this shuts out the middle-class businessman, any man who wants to see the democratisation of the private sector.

I would submit to the Government that this is a Bill which requires very serious reconsideration and I request

that the Select Committee should not only go through the various clauses of the Bill but they must go to the background. We drafted this Bill in 1952 and we must now change it and integrate it with the Plan which was not there then. This Bill must be changed in structure and prospect to give encouragement for the private sector.

Mr. Chairman: I will place the amendment before the House. Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st July, 1954."

Shri Heda: Madam Chairman, before I come to grips with the subject-matter of this Bill, I should like to say a word with regard to the motion just moved by the hon. gentleman on that side. No doubt, this Bill is very important. We knew for the last few years that such a Bill is coming. As he himself stated, there are no revolutionary changes made in this Bill. Rather, different amendments have been adapted and though it is not a faithful copy, to some extent it has been adapted on the lines of similar enactment in the United Kingdom. Therefore, I do not find any reason for us to delay this matter further by circulating this Bill for eliciting public opinion.

I know it is important as it is going to set up an industrial and commercial pattern for our country. Therefore, I would like to make two suggestions. Firstly, as we had done in the past in respect of certain Bills, we should consult the public in the Select Committee by calling in witnesses—people who are concerned—to give their evidence. Questions were asked of them and they replied and that way it helped those interests, to represent their own viewpoints. It also enabled the Select Committee members to understand and learn the different aspects of the problem. Therefore, I would suggest to the Government that in this case also, witnesses should be called for before the Select Committee.

So far as the witnesses are concerned, I always felt one difficulty. It is this. The interest that is enlightened, the interest that is predominant always gets the benefit of such measures. Therefore, I am quite certain that so far as the class that represents the managing agents, the class that represents big business, the big industries and big commerce and all that, they would come in good number and represent their grievances. They would submit their memoranda, but the class which is vitally affected, the class of the ordinary shareholder who purchases a few shares of the value of Rs. 5 or Rs. 10 or even Rs. 100 with a view to help the private sector or the industries to build our country and profit himself also, or the class that grows the raw material, or the consumer class. These may not come before the Select Committee to give their views. These types of interest may not come to the Select Committee and give their evidence. Therefore, I would request the Government to take particular care to see that the representatives of the producers of raw materials, the representatives of the lower middle-class or what I would call the 'general shareholder class' and the representatives of consumers are particularly called for and that their view-points and their opinions may also be considered.

The second suggestion in this connection that I would like to make is this. Some time before, one of the hon. Members on this side suggested two names to be included in the Select Committee. What is the idea behind it? The idea is not that the number of members on the Select Committee is not sufficient, but it is that the Bill is so important that some more members would be interested in the Bill. I suggest that those of us from this House and also those from the other House, who feel interested in the Select Committee proceedings, should, on their writing, be provided with the proceedings of the Select Committee from meeting to meeting, so that at whatever meeting and in whatever portion of the Bill they feel interested

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or it is convenient for them to attend the Select Committee meeting, they may be allowed to attend and express their view-points. Of course, they will have no right of vote and generally speaking, they, the members of Select Committee do not go by vote there. All of us who feel interested in the Bill would like to contribute something while the Bill is in the Select Committee stage. I suggest that they may be associated in that way.

I may also give another suggestion to the Government that the minutes of the Select Committee proceedings from meeting to meeting and sitting to sitting be supplied to those Members who feel interested and who intimate their desire in that way.

Now, I come to the subject-matter itself. The Industrial Resolution that we passed in 1948, certain provisions in our Constitution, various pronouncements made by Government from time to time and lastly the ideological portion of the Five Year Plan make it very clear that we have adopted a particular pattern of economy, and that economy is certainly not socialistic; nor is it an unbridled capitalistic economy; that economy is following a middle path. It adopts certain aspects of socialistic economy and at the same time it accepts certain patterns of the capitalistic economy. It is a sort of controlled private economy, and in this type of mixed economy, the pattern of managing agency system that we have is going to influence us enormously. This Bill is not, in my opinion, going to test all our pronouncements but it will shape the things to come in the fields of commerce and industry, and those are very important sectors, on which our future development depends. Let us see how the managing agency system developed so far. There are certain houses in the country that have made their name as being very efficient—I need not mention them because they are on the lips of everybody. My own observation makes me to divide these houses of big businesses into two classes. One of them I would

call industrialists, or industrially minded—they look after the industry, rather they love the industry, put into it all their vigour, energy and experience to see that the industry is expanded and well-established and gives the highest profits, which they would like to divide among their own shareholders. There is also a class of managing agents whom I would term as 'speculators'. Their main concern is how to earn more and more, and they adopt different measures to achieve their end. I know certain cases where they adopt somewhat following methods. First, they get into the Press which comes out with a statement or advertisement that they are going to float such and such a concern. They gauge the public mind as to whether the public will purchase their shares or not. Suppose the share capital is Rs. 50 lakhs or a crore of rupees; then they see whether their shares are going to be in the premium from the very outset, that is, when they float the company. Suppose the value of a share is Rs. 10, and they feel that very soon it will fetch Rs. 11 or Rs. 12, then, they have 50 or 60 or even 70 per cent. of the capital reserved in the names of their own family members and friends. In the beginning, they sell the shares on premium in the free open market, and in that way they gain about 10 to 20 per cent., probably without putting any money into it. After that,—the matter does not end here—the company is floated and money is called for; the full money is called for. After about a year or so, they come out saying that the company is not well-established because the first site chosen has since been changed, there is delay in getting the necessary machinery and so on and so forth. The result is that in one or two years, since nothing has been done and no production has started, the shares are quoted in the market at a discount, and the value of the shares may probably go down to Rs. 8 or even Rs. 5. At that time, they again purchase the shares, and within three months thereafter, the whole thing is changed again. The machinery comes, production starts:

and big emporia are established all over the country. The sales are begun and again the shares go up. My own feeling is that in this way certain houses in the country earn many times more in the course of the first two years than what they would earn as the managing agents' remuneration, whether in the shape of percentage of profits or in the shape of salaries or both put together for 10 to 15 years. I call this class of managing agents as 'speculators'. It is very difficult to bring in a law to stop these people from doing this or have a check over them. The hon. friend who preceded me has used strong language about these people and he said it was loot. In fact, it is nothing but loot and it may be something more. It is cheating and, therefore, we have to stop this. How to stop it is a very big problem, and I feel the whole Bill does not solve the problem. But I know it is a very difficult problem to solve. The best guarantee that we can have is that the Government should be very vigilant and take a strong line against those managing agency houses who, in the name of industry, are more concerned with the speculative side rather than the industrial or commercial side. There are other managing agency houses and what they do is this. Suppose a managing agency house has a few textile mills. I have seen in certain cases the big business has purchased the textile mills with a view to having a freer and safer scope in the speculation of cotton. They purchase cotton in somebody's name, and if the prices go up, the profit is collected by them, but if the prices go down, the loss goes to the particular individual mill as then it is bought in whose name it is bought. Therefore, if there are profits, they take it, and if there are losses, the individual mill bears it and thus the cost of the cloth in the textile mills increases in that way and the country suffers. They have no worry over the sufferings in the country. When a very big concern or any concern for that matter is floated, Government should encourage the healthy type of managing agents, who never purchase more than the neces-

sary quota of shares and who are the last persons to sell their shares, the persons who never speculate with their shares. Hard and fast rules may not help us, but Government should be vigilant to see which are the houses to be encouraged and which to be condemned. And when they decide to condemn, they have sufficient ways and means of condemning them.

After this, I come to other aspects of the managing agency system. There are certain managing agents who come forward as if they are well-wishers of the country. They tell us: "Look at us, we are manufacturing, we are producing so much, but what is our gain after all? We do not gain even 1 per cent., sometimes we get hardly $1\frac{1}{2}$ per cent. We give 50 per cent. to labour, so much to our other men, this that and the other." But the point is not whether they are gaining 1 per cent. or 5 per cent. or 10 per cent., whatever it may be, though that in itself is an important factor. The point is how much that 1 per cent. comes to. If that 1 per cent. comes to say Rs. 10 lakhs, it is not a small sum, it is a handsome one. Whether a managing agent is getting 1 per cent., or $1\frac{1}{2}$ per cent. should not be a material thing. The material thing should be how much that 1 per cent. becomes in the last analysis.

Another important consideration is what is the proportion of what he gets as remuneration in the shape of commission or salary to the dividend that is paid to the shareholders. I think in no case should it be more than 10 per cent. Whatever return the ordinary shareholders get in the shape of dividends, not more than 10 per cent. of it should go to the managing agents. Some such criteria should be there. With this criteria if we look at any concern, I do not think there is any managing agent in this country who can say: "I give 5 per cent. to the shareholders while I have taken less than 1 per cent." I do not think there is any example like that. Therefore, in some way or other we have to control, we have to put a check over the remuneration that the managing agents get.

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Then there is another point and that is the control over these managing agents. Mr. Vallathars was very vociferous over the matter and I think if we look at the different concerns he was quite right. What we see is that the whole Board of Directors is generally, if not in the first instance, dominated by the managing agents. In many cases, the directors who appear to be independent, who appear not to be related or connected with the managing agency houses, are really so associated, that the whole thing becomes rather a tame show. If one has attended a few ordinary meetings of these companies, he would see that here is a company which boasts that it produces say Rs. 10 million worth of articles. If you look at their meetings you will see no controversy, nothing; somebody comes, reads the report, somebody tables a resolution and it is passed. Everything goes according to plan. The domination of the managing agents gives them a sort of feeling that they can do anything they like. There are many ways to do the things in that way.

One of the industries, which for some reason or other, has no good name in our country is the sugar industry. We have seen how one Food Ministry after another has come, but they have not been successful in solving either the sugar problem, or controlling the sugar industry. What is the reason? The reason is not that we have to control the industry, but we have to control the commercial aspect of the industry. What the managing agents do in most cases is this. They sell the sugar in some name; the names in many cases are fictitious, and sugar disappears. Then, that sugar appears at some place in somebody's name. In between the price of sugar goes up by Rs. 10 per bag. This is not a rare happening; this is a thing which happens every day. In my constituency there is a big sugar factory. I had been watching as to how the sugar was appearing and then disappearing, where it was appearing and where it was disappearing, and

how all this happened. If you ask the factory-owner he says: "We have sold the sugar at such and such rate on such and such date; registers are quite clear; the account books are there; entries are there. So you cannot have any doubt. But if you just try to find out when that sugar went away, when the wagons were found, when the lorries were found, how it went and where it went, then you will find that the names and the dates given are fictitious. Many times sales are effected; delivery is shown as having been given; still the article is in the warehouse. Many times the article is not there at all; it had already disappeared, it had been sold and money was somewhere else. But in the books the articles are shown as in the warehouse. After the prices have come down the sales are shown. Many such things happen.

Therefore, if we have to control these unscrupulous type of managing agents, who indulge in all sorts of methods with a view to make huge profits, we have to see that a system is evolved by which the Board of Directors is so elected as to safeguard not only the interest of the ordinary shareholders but also the interest of the country as a whole, the interest of the producers of raw materials and the interest of the consumers. With that end in view, the Finance Minister should give very serious consideration to this matter.

I may tell him that there are certain people who have got a very good name, who have got a very high name. Therefore, people feel that if such and such gentlemen are included in the Board of Directors, the interests of the shareholders would be safe. In this belief they purchase shares. Such people have got a good name and they rightly deserve it. I have a temptation to mention the names of one or two, but that would not be proper. Government should see that such people are elected under some law or rule on the Board of Directors. But under the system as it obtains, it is very difficult

to ensure their election, because the meetings are made up. The only man who can upset the managing agents' plans is another big man who would have purchased a good number of shares beforehand, got proxies with a view to out-vote them. In that case the change of managing agency does not benefit either the country or the people in general. Therefore, Government should see that at least in the cases of concerns with a share capital of more than Rs. 25 lakhs, they should have a right to nominate or to appoint or suggest appointment of a few directors. They should not be high Government Officers who are already over-burdened with work. Such directors are not able to attend meetings. Such directors should be the people who feel honoured by the appointment, and not attend the meetings for the sake of travelling allowance or daily allowance of say Rs. 50 or 100. They should consider themselves as the guardians of the interests of the people of the country. A certain percentage of such directors should be appointed by Government on the Board. If this is done we may be able to have some control over the managing agents.

Another matter is that many times a shareholder wants to get some information about the working of the industry or the commercial company. The replies that he gets, as it happens in government offices also, are dilatory. They are delayed, and many times they are very vague. It should not be so. If any shareholder wants any particular information he should have a right under the statute, after giving information, to go to the office and see the things for himself. He should have easy access to the files, to the account books and all that. Well, somebody may say: then the working of any company would be impossible. It would not be so. Who has got time to waste? Only those would go in whose case enormous interests are at stake. If the person loses something little he is not going to bother himself. The middle class person, the ordinary shareholder, is a very busy person. He has so many things on

hand and is hard-pressed for time. It is only when his whole money is—to use the word that was used by Shri Vallatharas—looted or when he is cheated or something like that, then alone he will spend that much of time for that work. Therefore, some provision should be there, some rules may be made under which an ordinary member may be allowed to have free access to the files, to the account books, to the agreements or the concerned matters where money is concerned, where the question of profit or loss is concerned. If it is not possible for the whole of the year, it should be possible, say, in the period of three months before a general body meeting is held. This is adopted particularly by all big concerns that their general body meetings are held in particular months. People know when the general body meeting is going to be held in respect of a particular industrial concern. So in that period of three months before the scheduled date of the general body meeting, ordinary members should have free access to these things.

Shri Vallatharas has referred to the elimination of the managing agents. I know there are many people who think in those terms. It is not so easy to do that, at least in the sector where we have to establish, to grow, to build, to start a new industry. In the industry or trade, in the sectors which we can call already established sectors, I think we can work there without the managing agents. Take for example banks, insurance companies and big established companies like textile, cement, jute or iron companies—of course not every company among them—but such of the companies as have shown very good progress and whose paid up capital is, say, more than Rs. 50 lakhs or something like that. In such companies by persuasion Government can if they so desire, take such steps as to eliminate the managing agents, and the Board of Directors or some other body may directly manage the whole affair. And thereby they can set a

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new and, I think, a more healthy pattern to look after our industries and trade. The same thing can be applied to others.

The main point in this regard is that we have to see that the interest of the ordinary shareholder is upheld and that the healthy type of managing agents class is respected. If that is done, then this type of people would be able to start more factories, and thereby we would be able to develop our country in a better way. If we curb the other type of managing agents whom I have called speculators, people would not be sorry or repentant over it.

One more point, though it may not come strictly under this Bill, and that is this. When Government gives permission to float any company I think it should be the duty of Government to see whether there is any genuine need to start such a company or not. In our country, unfortunately, if somebody has started a new industry or a new company and has started making a good profit, so many people come into the same field and they start imitating that venture. That is why we have a greater number of oil mills and a greater number of ginning and pressing mills than we require. In certain States we have got four times more number of them than we require. All this capital has been blocked. No doubt the primary fault is of those people who floated those companies, but to some extent Government should also be held responsible for this. It should be the duty of the Government to see that the capital, of which we are short and which we need for starting so many industries and factories, should not be blocked in such a way. Not only unhealthy type of competition gets allowed, but many times practically all of them, or many of them, have to remain closed for the whole of the year. That type of development should not be allowed to come in, and I hope that Government will also consider that point.

With these words I support the motion for reference to Select Committee.

Shri Barman (North Bengal—Reserved—Sch. Castes): I rise to support the motion generally. While supporting it I would like to place before this House certain incidents about the company affairs, their formation, management, etc. for the consideration of the Select Committee. I shall generally mention these matters and I hope that when the Select Committee goes into the detailed provisions of the Bill they will try to remedy, as much as possible, the defects that I shall point out.

First of all, I would like to impress upon the hon. the Finance Minister that though we are much in need of development of industry, commerce, etc., for want of funds, for want of capital we are not able to proceed fast. But from my limited experience I would like to suggest to him that if he can, with the help of this Bill and subsequent amendments that may be necessary, purify this institution of ours, namely, the formation and management of companies, much more capital than we can expect from the capitalists now will be forthcoming. I can say that though there was a great depression in this country, by the steps that Government have taken all these years after Independence, some amount of money has gone to the rural areas. Whereas in former years the rural areas were absolutely drained, within the course of the past few years I hope and think that there has been some formation of capital—it may be just a hundred rupees for a man who can save only that much in a year—but still there has been some sort of capital formation in that sense which has taken place in the rural areas. And these people are in a fix as to how to utilise that capital. There are instances reported every day in the newspapers, especially local newspapers, that there are thefts, dacoities in the rural areas, particularly where the people are absolutely helpless. I can say from my experience what these people generally do. They place whatever savings they have in

the hands of the capitalists. In small towns, there are *bandars* where the merchant classes, especially, have built up a business. These people from the rural areas place their money in their hands without any interest, without any document. Of course, there is that business honesty. They never tell these people, you have not placed the money with me. They give it back bit by bit out of the profits that they make out of the capital placed in their hands. If the Government could reform these companies in such a way that the people will feel that if they place their little savings in the formation of companies, Government will guarantee in a way and that the capital would not be lost and that something could be got out of it, the Finance Minister could expect much more money to come to the companies and by floating bonds and loans. We have committed ourselves by our Industrial Resolution of 1948, to the policy that so far as the basic industries are concerned, it will be the Government itself that will float the companies and run them. But, the finances of the Government being very much limited and our needs being so extensive, it is not possible for the Government to take up State industrialisation in all spheres of industrial development. Therefore, we require that private capital should be built up and it should take up the development of other industries which the Government could not undertake. Nor have the Government the resources to do so. Therefore, we require companies to be formed and we require capital for the formation of the companies in our country. There is of course, at present, as has been said by some hon. Members, suspicion against the companies because of the misdeeds of managing agents in running these companies. I do not say all; but most of the managing agencies do not behave properly. It is because of that suspicion and because of their failures even under favourable conditions that people do not invest any money in companies. But after all, the running of a business is not a very simple affair. It requires scientific knowledge and scientific action to float a company and run it

successfully. Whatever defects there may be in the managing agency system, it is a necessity now to remedy them, so that our industries may prosper, so that companies may be floated and run successfully, and our industrial development can make headway. It is incumbent on the Government to see that these defects are removed. So far as I have gone through the report of the committee cursorily, they have suggested a statutory commission to take charge of inspection, investigation and over-all supervision of all companies in our country. That is a good suggestion. In the Statement of Objects and Reasons, the Finance Minister has said that though at present such a statutory commission is not being formed, they have in contemplation such an authority for the future, that for the present a similar body under the Economic Affairs Department has been formed and that it is going to take charge of this work on these lines so far as is needed, and in course of time the statutory commission may come into existence. I think that is the best step that the Ministry has taken this time. If there be a statutory body or governmental authority to look into all the stages, from the time of formation and during the time of management, then I think much of the evil will be checked. After all, these misdeeds are patent, so that if there is a competent authority with all the legal powers in its hands, it will be able to detect the miscreants and bring them to book. And if such steps be taken at the very outset, the mischief can be averted. That is a very good thing that the Ministry has taken upon itself.

Up till now the system has been very defective. Every State Government has got a Registrar just to register the company. When that is done, the managing agents or the directors are left to themselves, to do whatever they like. Neither the Registrar nor any other authority looks after the interests of the shareholders. Under the present law there is no such effective provision. This time the Government has taken upon itself that responsibility. When people are invited to put their money into a company just after its

[Shri Barman]

registration, it becomes a trust upon Government, and Government will take it upon themselves as a sacred trust. Not only is it a sacred trust, but the Government will also stand or fall in its objective of industrial development according as it succeeds in protecting the money of these small shareholders.

There are some other suggestions which have been mentioned by Mr. Heda also. Really, the directors at present have very little voice where there is a powerful managing agent. The latter controls practically all the shares and, being naturally a monied man with much capital, he also procures proxies from distant places where the shareholders live and wherefrom the shareholder has neither any opportunity nor any mind to come to the place of meeting and exercise his vote. Neither does the shareholder know the people who are just standing for election as directors. So, it is mainly the managing agents that procure all the votes from shareholders living in distant places and, naturally, having the majority of votes in their hands, it is they who can decide who shall be in the Board of Directors. And there are persons who think: "When I have absolutely no chance to go against this managing agency, I should rather side with them and get whatever I can during the year or term I remain as director." So he becomes nothing but a puppet in the hands of the managing agents, and though the shareholders think that they have got a separate Board of Directors, the directors become nothing but a plaything in the hands of the managing agents. This is an evil which should be remedied by legislation as much as possible.

I venture to suggest that some kind of procedure for the election of directors should be introduced so that not only the majority party of the shareholders or the people who can procure the majority number of votes should have all the directors in the Board, but the other party that is contesting may also be allowed to have at least one or two directors in that Board.

Shri Heda suggested that there should be one or two nominated directors in the Board, so that they can at least pry into the secrets of the managing agent and his puppet Board. But I think that will be rather a difficult thing. However, if it is a feasible proposition, I also support it. But on principle, it will mean interfering with the affairs of private industry. So, I would suggest that it would be better if we make the system of voting such that not only the party which controls majority of votes elect all the directors in the Board, but also the other party could elect a few directors representing it. In the case of the local bodies, we have seen that there are always two parties, and wherever there is a minority party, the majority party is not allowed to have all its whims and wishes, because the other party acts as a very good check. Similarly, in the case of the companies also, if the opposition party can have one or two persons in the Board of Directors by way of election or some other process, much of the evils can be avoided, and the opposition party will be in a position to inform Government of the misdeeds that are happening there or are going to happen. This is one of my humble suggestions.

I hope that by improving the Bill in the Select Committee, it may be possible for us to ensure that our companies will be looked after by Government, and the evils that obtain now in the company affairs will be put an end to in such a way that the people in the country can have sufficient faith in the companies, and may invest their savings in them. If we could do that, the industrial development of the country can proceed at a much faster pace than it is doing now. I wish this Bill all success, and I hope that one of the main defects in the economic structure of the country would be removed.

1 P.M.

श्री रघुनाथ सिंह (जिल्ला बनारस-मध्य) : मैं, जो विधेयक उपस्थित किया गया है उसका स्वागत करता हूँ। इस संशोधन के द्वारा बहुत से डिफेक्ट दूर होंगे। लेकिन

साथ ही साथ हमारे भाइयों ने आक्षेप किया है कि इंगलिशमैन ने लूट के वास्ते कम्पनी ला को हिन्दुस्तान में लागू किया था। इस से हम सहमत नहीं हैं। अगर कम्पनी ला को हमने कापी किया है तो पार्लियामेन्टी सिस्टम को भी हमने अंग्रेजों से कापी किया है। यह कलियुग है, यह अर्थयुग का समय है, सतयुग का समय नहीं है, द्वापर का समय नहीं है, उसी प्रकार से कौटिल्य या बृहस्पति का काल भी समाप्त हो चुका है। यह काल है एंडम स्मिथ का, मार्शल का और मार्क्स का। इसलिये समय के अनुसार हमको चलना चाहिये, और अगर समय के अनुसार नहीं चलेंगे तो संभव है कि हम बहुत पीछे रह जायें।

साथ ही साथ हमारे भाई ने यह आक्षेप किया है कि कम्पनी ला के द्वारा प्राइवेट प्रापर्टी या प्राइवेट व्यापार को हानि पहुंचती है। मैं उनका ध्यान आकर्षित करना चाहता हूं कि वर्गहीन समाज का जो हमारा उद्देश्य है उससे प्राइवेट प्रापर्टी कानाश तो आप से आप हो रहा है। यू० पी० में जमींदारी सिस्टम का एबालिशन करने से हम लोग जो कि कभी के जमींदार थे, आज पापर हो गये हैं। इस प्रकार से वह समय आने वाला है कि जितने प्राइवेट व्यापार हैं, सबका स्थान राष्ट्रीय व्यापार ग्रहण कर लेगा। इस वास्ते हमें कोई विशेष चिन्ता नहीं होनी चाहिये।

एक और बात है, हमारे भाई ने कहा कि इसको पब्लिक ओपीनियन के वास्ते भेज देना चाहिये। हमारे कम्पनी ला का जन्म सन् १८६६ में हुआ और उसका संशोधन संस्कार चार बार हो चुका है और सन् १९३६ में इसका बृहद रूप से संशोधन हुआ था। आज १९५४ का जमाना है। यह ठीक है कि कम्पनी ला हमारे देश में बहुत ज्यादा सफसेसफुल नहीं हो सका। लेकिन इसका कारण यह है कि "कापी इज ओनली ए कापी"। अभी हमने पार्लियामेन्टी सिस्टम को व्हेस्ट ड्रे

कापी किया है, उसका प्रयोग हो रहा है, उसी प्रकार से कम्पनी सिस्टम का प्रयोग हिन्दुस्तान में हो रहा है और यही कारण है कि बहुत सी कम्पनियां फ्लोट की जाती हैं। लेकिन आगे चल कर फेल हो जाती हैं। एक कम्पनी के डाइरेक्टर हम भी हैं और रोज हम यह महसूस करते हैं कि असल में कम्पनी ला में डिफेक्ट नहीं है, इस सिस्टम में डिफेक्ट नहीं है, अगर डिफेक्ट है तो आदमी में है। हमें इसके लिये आदमी तैयार करने हैं, और ईमानदार आदमी तैयार करने हैं। अगर ईमानदार मैनेजिंग एजेंट हों, ईमानदार चेयरमैन हो, और ला में कोई अच्छाई न भी हो, तो अच्छाई स्वयं उसमें उत्पन्न हो जाती है। मैं आपको उदाहरण दूं, एक इंड्योरेन्स कम्पनी है, मैं उसका ६, ७ वर्ष से डाइरेक्टर हूं। मैनेजिंग एजेंसी का सिस्टम उठा दिया गया है, मैनेजिंग डाइरेक्टरों का सिस्टम उसमें चालू किया गया। लोग जेल जाने वाले थे तो कुछ ने डाइरेक्टर को अधिकार दे दिया कि जो इंड्योरेन्स मनी है उसको किसी अच्छी जगह इन्वेस्ट किया जाय, क्योंकि वह समय ऐसा था। हुआ क्या कि जो मैनेजिंग डाइरेक्टर साहब थे और चेयरमैन साहब थे, उन्होंने हमारी कम्पनी के रुपये का बहुत सारा हिस्सा इधर उधर अंड बंड जगह पर इन्वेस्ट कर दिया। जब जेल से लौट कर आए तो देखा कि जितनी कम्पनियां उन्होंने फ्लोट की थीं सब में उन के आदमी थे और जो रुपया इन्वेस्ट हुआ था सब बेकार हो गया और कम्पनियां फेल हो गईं। तो दोष कानून का नहीं है, दोष आदमी का है। अगर आदमी ईमानदार हो तो कानून को वह ठीक ढंग से ले चल सकता है।

अब यह गई बात शेखर होल्डर्स की। हमारे हैड साहब ने अभी कहा है कि आजकल शेखर होल्डर बेचारा क्या करे, १००

[श्री रघुनाथ सिंह]

रुपये का शेयर खरीदे, २० रुपये का शेयर खरीदे या १० रुपये का शेयर खरीदे। पब्लिक से आप शेयर काल करते हैं, हम इस आशा से शेयर खरीदते हैं कि हमको कुछ फायदा होगा, लेकिन वास्तव में होता क्या है कि प्लोट करने वाले ज्यादातर शेयर वह खरीदते हैं, और इस तरह से मैनिपुलेट करते हैं कि कम्पनी से ज्यादा से ज्यादा फायदा उनको हो, और शेयर होल्डर्स जो बेचारे १०० रुपये का शेयर खरीदते हैं उन से कहिये कि डाइरेक्टर के खिलाफ या चेयरमैन के खिलाफ, मैनेजिंग एजेंट के खिलाफ दावा दायर करे तो यह असंभव है। इस वास्ते में कहता हूँ कि इस विधेयक में इसका अवश्य ध्यान रखा जाय कि शेयरहोल्डर्स का भी उपकार हो, क्योंकि हमारे यहां की ज्यादातर पब्लिक, खास कर उत्तर प्रदेश की बात करता हूँ, उसमें पढ़े लिखे आदमी तादाद में बहुत कम हैं, कुल १० या १२ परसेंट पढ़े लिखे लोग हैं, वहां पर एग्जिक्यूटिव्स को हम रुपया उधार नहीं दे सकते, इस वास्ते कि डेट ऐक्ट हमारे यहां है, उसके अनुसार बहुत वर्ष में हमारा रुपया वसूल होगा, इसलिये हम सोचते हैं कि ज्यादा से ज्यादा रुपया जितनी कम्पनियां हैं उन में इन्वेस्ट करें। जो भी कम्पनी प्लोट होती है उन में हम रुपया इन्वेस्ट करते हैं ताकि उसमें कुछ लाभ हो। इसीलिये मैं कहता हूँ कि जो शेयर होल्डर्स हैं उनका भी उपकार हमारा लक्ष्य होना चाहिये और इसको सदा ध्यान में रखना चाहिये।

अन्तिम बात में आपसे यह कहना चाहता हूँ कि जहां तक लिक्विडेशन प्रोसीडिंग्स का सम्बन्ध है, हमारे यहां बनारस बैंक या . . .

Mr. Chairman: May I remind the hon. Member that at this stage we are discussing only the general principles of the Bill?

Shri Raghunath Singh: I am saying the same thing.

जहां तक लिक्विडेशन प्रोसीडिंग्स का सवाल है, बहुत सी कम्पनियां अण्ड अप होती हैं, लेकिन लिक्विडेट होने के बाद वह कम्पनियां किसी शेयर होल्डर को १० रु० में ८ आना भी देती हैं या नहीं, इसमें सन्देह है। मैं एक छोटी सी एग्जाम्पल दूँ। हमारा बनारस बैंक था, वह फेल हुआ। लेकिन उसकी लिक्विडेशन प्रोसीडिंग्स अब तक चलती रहीं। हम आठ आना तक नहीं प्राप्त कर सके। होता क्या है कि लिक्विडेशन आजकल बहुत जोरों पर चल गया है। अगर तीन या चार डाइरेक्टर किसी कम्पनी में हैं, और दो डाइरेक्टरों ने देखा कि उनको ज्यादा आमदनी नहीं है, तो उन्होंने हाइकोर्ट में या सिविल जज के यहां एप्लीकेशन दे दी लिक्विडेशन के लिये। इसी तरह दूसरी पार्टी ने इंजंक्शन के लिये एप्लीकेशन दे दी। फल यह होता है कि पूरी कम्पनी लिटिगेशन में इन्वाल्व हो जाती है और उस कम्पनी का काम बिल्कुल रुक जाता है। हमारा यह भी निवेदन है कि जहां तक लिक्विडेशन प्रोसीडिंग्स का सम्बन्ध है उसको सिम्पलीफाई किया जाय, उसको सरल बनाया जाय, ताकि तीन, चार वर्ष के अन्दर वह कम्पनी लिक्विडेट हो जाय और जो कुछ आमदनी है वह प्राप्त हो जाय। इन थोड़े से शब्दों के साथ हम इस विधेयक का समर्थन करते हैं।

श्री टी० एन० सिंह (जिला बनारस—पूर्व) : सभानेत्री जी, मैं पहले ही कह देना चाहता हूँ कि मैं वकील नहीं हूँ। कानून की समझ मुझे बहुत ही कम है, इस वास्ते यदि मैं कोई गलती कर बैठूँ तो आशा है आप मुझे क्षमा करेंगे।

जब मैं अपने कालिज में पढ़ा करता था तो वहां पर मैंने इन कम्पनियों और स्टॉक एक्सचेंज के सिलसिले में जो एक बहुत सुन्दर किताब है जिस में

लिखा था कि कम्पनियां कैसे प्लोट की जाती हैं, पढ़ा और यह भी सुना कि जैसे कोई दांत का मंजन का नुस्खा है और सोचा कि उसको चलाना है जिस तरह से भी हो चाहे वह जनता का फायदा करे या न करे तो उन्होंने उसके लिये चार डाक्टरों की राय ली और एक प्रास्पेक्टस निकाला और अखबारों में विज्ञापन निकाला और लोगों ने मशहूर कर दिया कि यह बहुत कारामद चीज है और चूंकि इस मुल्क में तीस करोड़ आदमी बसते हैं और उन में से सिर्फ एक फी सदी आदमी अगर इसे इस्तेमाल करें तो कम से कम शायद तीस लाख आदमी इस मंजन को इस्तेमाल करेंगे और आप हिसाब लगा कर देख सकते हैं कि अगर तीस लाख मंजन की पुड़ियों में हर पुड़िया के पीछे एक पैसे का भी फायदा हुआ तो उस शख्स को कितना काबू पड़नेवा। वह जो एक सुन्दर आका चीज दिया जाता है उसके बाद आदमी समझता है कि हमने खेबर लिया तो हमारी सब तकलीफें दूर हो जाएंगी और घर बैठे मुझको सौ, दो सौ रुपये महीना मिलेगा : यह तरीका कम्पनियों के चलाने का होता है। उसी किताब में यह भी लिखा था कि जो प्रमोटर होता है उसका यत्न होता है कि किसी तरीके से इस कम्पनी पर पूरा अधिकार हासिल कर ले। अगर होल्डर्स पर जो दो, चार सौ रुपया बंटा होता है, उस पर अधिकार कैसे प्राप्त हो, उसके लिये पहले पहल कम्पनी को लौस में चलाना होता है ताकि उसके शेअर्स नीचे चले जायें और उसके बाद उसके आधे चौथाई दाम पर शेयर्स खरीद कर खुद मालिक बन बैठते हैं, यह तरीका वह अमल में लाते हैं। जो घाटा हुआ वह तो पब्लिक को हुआ और जो मुनाफा हुआ वह उनका हुआ। यह तरीका अख्तियार किया जाता है। यह सब चीजों में न पुस्तकों में पढ़ी हैं। मैं ज्यादा नहीं जानता

और मैं कोई कानूनदा भी नहीं हूं, लेकिन हमारी समझ में यह तजुर्बा बहुत दिनों का है। किताबों में भी ऐसा कहा जाता है और आंखों से भी ऐसा होते देखा है। हमने बहुत सी कम्पनियों को चलते देखा है और बहुत सी कम्पनियों को दूसरों को खरीदते देखा है और फिर दूसरे लोगों से उनको पैसा बनाते भी देखा है, लेकिन बीच में किसने धोखा खाया, किस का पैसा लटा गया, वह तो वही छोटे आदमी सफर करते हैं जो बड़ी मुश्किल से अपनी जिन्दगी भर की कमाई १००, २०० या ४०० रुपये अपना पेट काट कर किसी तरह बचाते हैं और उस कम्पनी में लगा देते हैं यह सोच कर कि वह देश का भी काम कर रहे हैं, लोहे की कमी है या फलानी चीज की कमी है और वह वह कम्पनी बनावेगी तो उनके इस कम्पनी में रुपये लगाने से देश का फायदा होगा और हमारी भी जीविका चलेगी, और हमें घर बैठे कुछ न कुछ हर जगह मिल जाएगा लेकिन उन बेचारों का क्या देखा कम्पनियों में डूब जाता है और मारा जाता है। मैं इस मंचर से इस कम्पनी ला जो देश रहा था कि ऐसी चीजों को रोकने के लिये इस कम्पनी ला में क्या प्राविजन है और हमारी साधारण जनता को क्या रक्षा इससे मिल रही है, इस दृष्टि से मैंने इसके सेक्शन को जो बड़े रूखे सूखे हैं उनको देखने की कोशिश की और मैं आपको बतलाऊं कि मुझे उसमें कुछ निराशा सी हुई। निराशा इस वास्ते हुई कि इसमें करीब करीब बँसा ही सिलसिला है, दो, चार उन्नतियां इसमें की गई हैं, दो, चार मामूली बातों में कुछ हम लोग आगे बढ़े हैं, अब देखना यह है कि हम जो कुछ आगे बढ़े हैं वह इन मामूली तबदीलियों के कारण बढ़े हैं या और किसी कारण से ऐसा हुआ है। अब समय काफी बदल गया है, पुराने जमाने में जिस पैमाने से कम्पनियां चलाई जाती थी उसमें और अब में काफी फर्क हो गया है, उसके तौर तरीकों में थोड़ा फर्क हो गया है

[श्री टी० एन० सिंह]

और मैं यह मानता हूँ कि समय को देखते हुये उसके अनुकूल थोड़ा बहुत परिवर्तन इसमें जरूर किया गया है और उस परिवर्तित अवस्था के सामने क्या करना चाहिये, उसके करने की कोशिश की गई है, लेकिन उसके बाद ज़रा और आगे बढ़िये, आजकल सुनता हूँ कि कम्पनियां कोई पांच करोड़ से, कोई दस करोड़ से और कोई एक करोड़ या पचास लाख से इस किस्म की बड़ी बड़ी कम्पनियां खुल रही हैं और कहा जाता है कि हमारे बड़े बड़े जो औद्योगिक व्यक्ति हैं जैसे बिड़ला और डालमिया आदि, उन लोगों ने बड़ा यत्न करके बड़े सिखे सिखाय एक्सपर्ट्स बाहर से बुला कर इस काम को शुरू किया, मैं जानना चाहता हूँ कि उनमें से जितने उद्योग बने हैं, क्या यह बात सच नहीं है कि कम्पनी के बनने के बाद जल्दी से जल्दी कम्पनी के जो रिस्क होते हैं, उस रिस्क को वह सब पर बांटने की कोशिश करते हैं या नहीं ? कौनसा उद्योगपति ऐसा है यहां पर जो अपने रिस्क को अपने ही ऊपर रखता है। आज चन्द रुपये लगा कर उसके पास दस कम्पनियां हो जाती हैं, बैंक में उसका क्रेडिट है, उसने ४०, ५० लाख के शेयर्स कम्पनी ऐक्ट के लफ्जों में अंडरराइट कर दिये, उसके बाद क्या यह बात सच नहीं है और मैं अपने फाइनेंस मिनिस्टर साहब से पूछना चाहता हूँ कि क्या वह जल्दी से जल्दी उस रिस्क को मामूली साधारण जनता पर बांटने की कोशिश करते हैं या नहीं। किसी भी कम्पनी का इतिहास देख लीजिये, जितनी भी बड़ी बड़ी कम्पनियां चली हैं, एयरवेज से लेकर मोटर कम्पनी तक, उन सब के शेयर्स को किस तरीके से बाद में जनता में बांटने की कोशिश की गई है। यह सच है उसमें गवर्नमेंट को भी इनकरेजमेंट होता है कि हमारे मिनिस्टर्स जा कर उनकी

ओपनिंग सेरीमनीज में शामिल होते हैं और इससे जनता को विश्वास होता है और हम भी सोचते हैं कि यह एक बड़ा भारी काम मुल्क में होने जा रहा है और इसमें सबको अपना योग देना चाहिये, पैसा भी हमको इससे मिलेगा और साथ ही देश का भी कल्याण होगा। तो जो रिस्क उसमें आ जाता है, उसके लिये क्या यह बात सच नहीं है कि इन में से ९० फी सदी कम्पनियों के शेयर्स की कीमत जो होती है वह दस दिन के बाद घटने लगती है और फिर उन शेयर्स का क्या होता है और वह किसके हाथ में चले जाते हैं, इसकी एक हिस्ट्री है और हमें इसका एक नकशा बनाना चाहिये और आप देखेंगे कि उन बड़े बड़े चन्द लोगों के पास वह शेयर्स आ जाते हैं। अगर शेयर्स का इतिहास बनाया जाय तो हम देखेंगे कि बड़े लोग नुकसान दूसरों में बांट देते हैं, यह चीज हमारे देश में हमारी आंखों के सामने चल रही है और मैं पूछता हूँ कि क्या हमारा आपका सबका फर्ज यह नहीं है कि हम इस चीज को रोकें ? मेरी समझ में इस बारे में कोई दो राय नहीं होंगी कि इसको न रोका जाय। जब कोई शर्म्स रोजगार करने जाता है तो रिस्क के लिये भी जिम्मेदार होता है और इस विश्वास और हिम्मत के साथ वह अपने रुपये को व्यापार में लगा सकता है और उससे जुआ खेल सकता है और अगर उस व्यापार में उसके साथ कोई और दूसरा हिस्सेदार आवे तो इसमें कोई हर्ज और ऐतराज नहीं लेकिन वह अपने रुपये को जुए से दूसरे ही दिन निकालने की कोशिश करता है।

Mr. Chairman: Order, order. The hon. Member will continue his speech tomorrow.

The House then adjourned till a Quarter Past Eight of the Clock on Thursday the 29th April, 1954.